House of Commons
Transport Committee

Priorities for investment in the railways

Third Report of Session 2009–10

Volume II

Oral and written evidence

Ordered by the House of Commons
to be printed 9 February 2010
The Transport Committee

The Transport Committee is appointed by the House of Commons to examine the expenditure, administration and policy of the Department for Transport and its associated public bodies.

Current membership

Mrs Louise Ellman MP (Labour/Co-operative, Liverpool Riverside) (Chairman)
Mr David Clelland MP (Labour, Tyne Bridge)
Rt Hon Jeffrey M Donaldson MP (Democratic Unionist, Lagan Valley)
Mr Philip Hollobone MP (Conservative, Kettering)
Mr John Leech MP (Liberal Democrat, Manchester, Withington)
Mr Eric Martlew MP (Labour, Carlisle)
Mark Pritchard MP (Conservative, The Wrekin)
Ms Angela C Smith MP (Labour, Sheffield, Hillsborough)
Sir Peter Soulsby MP (Labour, Leicester South)
Graham Stringer MP (Labour, Manchester Blackley)
Mr David Wilshire MP (Conservative, Spelthorne)

The following were also members of the Committee during the period covered by this report:

Sammy Wilson MP (Democratic Unionist, East Antrim)

Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the Internet via www.parliament.uk.

Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at www.parliament.uk/transcom.

Committee staff

The current staff of the Committee are Annette Toft (Clerk), Adrian Jenner (Second Clerk), David Davies (Committee Specialist), Marek Kubala (Inquiry Manager), Alison Mara (Senior Committee Assistant), Jacqueline Cooksey (Committee Assistant), Stewart McIlvenna (Committee Support Assistant) and Hannah Pearce (Media Officer).

Contacts

All correspondence should be addressed to the Clerk of the Transport Committee, House of Commons, 7 Millbank, London SW1P 3JA. The telephone number for general enquiries is 020 7219 6263; the Committee’s email address is transcom@parliament.uk
Witnesses

Wednesday 28 October 2009

Mr Roger Allonby, Director for Infrastructure at Advantage West Midlands, English Regional Development Agencies; Professor David Begg, Chair of the Northern Way Transport Compact, The Northern Way; Mr Neil Scales, Chair of pteg and Director General of Merseytravel, pteg (Passenger Transport Executive Group); and Mr Richard Meeks, Network Development Manager, London Rail, Transport for London

Mr Anthony Smith, Chief Executive and Mr Guy Dangerfield, Passenger Link Manager, Passenger Focus; and Mr Simon Weller, National Organiser and Mr Hugh Bradley, Executive Committee Member for District 2, ASLEF

Mr Bill Emery, Chief Executive and Mr John Thomas, Director, Railway Markets and Economics, and Mr Michael Lee, Director, Railway Planning and Performance, Office of Rail Regulation

Wednesday 11 November 2009

Mr Richard Brown, Chief Executive, Eurostar; Dr Andreas Hamprecht, Head of International Business France, Benelux, UK, Deutsche Bahn; and Mr Jim Steer, Director, Greengauge 21

Mr Michael Roberts, Chief Executive and Mr Richard Davies, Head of Strategic Policy, Association of Train Operating Companies; Mr Tony Collins, Chief Executive Officer, Virgin Trains, Virgin Group; and Mr Andrew Chivers, Managing Director, National Express East Anglia, National Express

Mr Iain Coucher, Chief Executive, Mr Paul Plummer, Director of Planning and Regulation and Mr Ed Wilson, Head of Public Affairs, Network Rail

Wednesday 25 November 2009

Ms Maggie Simpson, Policy Manager, Rail Freight Group; Mr Graham Smith, Planning Director, DB Schenker Rail (UK) Ltd; and Mr Christopher Snelling, Head of Rail Freight and Global Supply Chain Policy, Freight Transport Association

Chris Mole MP, Parliamentary Under Secretary of State, and Mr Bob Linnard, Director, Rail Strategy, Department for Transport
# List of written evidence

<table>
<thead>
<tr>
<th></th>
<th>Name of the organization/individual</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Unite</td>
<td>Ev 64</td>
</tr>
<tr>
<td>2</td>
<td>Mr M Rawson</td>
<td>Ev 65</td>
</tr>
<tr>
<td>3</td>
<td>Railfuture, Policy Committee</td>
<td>Ev 67</td>
</tr>
<tr>
<td>4</td>
<td>Railfuture North East branch</td>
<td>Ev 71</td>
</tr>
<tr>
<td>5</td>
<td>Freight on Rail</td>
<td>Ev 75</td>
</tr>
<tr>
<td>6</td>
<td>ASLEF</td>
<td>Ev 79</td>
</tr>
<tr>
<td>7</td>
<td>Royal Borough of Kensington and Chelsea</td>
<td>Ev 80</td>
</tr>
<tr>
<td>8</td>
<td>DB Schenker Rail (UK) Ltd</td>
<td>Ev 82</td>
</tr>
<tr>
<td>9</td>
<td>Rail Freight Group</td>
<td>Ev 85</td>
</tr>
<tr>
<td>10</td>
<td>Invensys Rail</td>
<td>Ev 88</td>
</tr>
<tr>
<td>11</td>
<td>Mr B George</td>
<td>Ev 91, 94, 95</td>
</tr>
<tr>
<td>12</td>
<td>Mr M Blathway</td>
<td>Ev 96</td>
</tr>
<tr>
<td>13</td>
<td>Railway Engineers Forum (REF)</td>
<td>Ev 99</td>
</tr>
<tr>
<td>14</td>
<td>TravelWatch East Midlands</td>
<td>Ev 101</td>
</tr>
<tr>
<td>15</td>
<td>HSBC Rail (UK) Ltd</td>
<td>Ev 104</td>
</tr>
<tr>
<td>16</td>
<td>South Yorkshire Passenger Transport Executive (SYPTE) on behalf of the South Yorkshire Integrated Transport Authority (ITA) and Sheffield City Region (SCR)</td>
<td>Ev 107</td>
</tr>
<tr>
<td>17</td>
<td>TravelWatch NorthWest</td>
<td>Ev 111</td>
</tr>
<tr>
<td>18</td>
<td>North West Rail Campaign (NWRC)</td>
<td>Ev 112</td>
</tr>
<tr>
<td>19</td>
<td>National Union of Rail, Maritime and Transport Workers (RMT)</td>
<td>Ev 114</td>
</tr>
<tr>
<td>20</td>
<td>Network Rail</td>
<td>Ev 116, 121</td>
</tr>
<tr>
<td>21</td>
<td>Greater Manchester Integrated Transport Authority</td>
<td>Ev 122</td>
</tr>
<tr>
<td>22</td>
<td>Freight Transport Association (FTA)</td>
<td>Ev 125</td>
</tr>
<tr>
<td>23</td>
<td>Skipton East Lancashire Rail Action Partnership (SELRAP)</td>
<td>Ev 127</td>
</tr>
<tr>
<td>24</td>
<td>South West Councils (SWC) and the South West Regional Development Agency (SWRDA)</td>
<td>Ev 131</td>
</tr>
<tr>
<td>25</td>
<td>Manchester Airports Group (MAG)</td>
<td>Ev 135</td>
</tr>
<tr>
<td>26</td>
<td>Passenger Focus</td>
<td>Ev 136</td>
</tr>
<tr>
<td>27</td>
<td>Virgin Group</td>
<td>Ev 139</td>
</tr>
<tr>
<td>28</td>
<td>West Northamptonshire Development Corporation (WNDC)</td>
<td>Ev 142</td>
</tr>
<tr>
<td>29</td>
<td>National Express</td>
<td>Ev 144</td>
</tr>
<tr>
<td>30</td>
<td>Cogitare</td>
<td>Ev 147</td>
</tr>
<tr>
<td>31</td>
<td>Chartered Institute of Logistics &amp; Transport (UK) (CILT)</td>
<td>Ev 149</td>
</tr>
<tr>
<td>32</td>
<td>Wandsworth Council</td>
<td>Ev 152</td>
</tr>
<tr>
<td>33</td>
<td>West of England Partnership</td>
<td>Ev 153</td>
</tr>
<tr>
<td>34</td>
<td>Somerset County Council</td>
<td>Ev 154</td>
</tr>
<tr>
<td>35</td>
<td>Royal Automobile Club Foundation</td>
<td>Ev 156</td>
</tr>
<tr>
<td>36</td>
<td>English Regional Development Agencies (RDAs)</td>
<td>Ev 157</td>
</tr>
<tr>
<td>37</td>
<td>Office of Rail Regulation (ORR)</td>
<td>Ev 160, 163</td>
</tr>
<tr>
<td>38</td>
<td>The Northern Way</td>
<td>Ev 163</td>
</tr>
<tr>
<td>39</td>
<td>London Borough of Croydon</td>
<td>Ev 167</td>
</tr>
<tr>
<td>40</td>
<td>pteg</td>
<td>Ev 170</td>
</tr>
<tr>
<td></td>
<td>Organization</td>
<td>Evidence Pages</td>
</tr>
<tr>
<td>---</td>
<td>--------------------------------------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>41</td>
<td>London TravelWatch</td>
<td>Ev 174</td>
</tr>
<tr>
<td>42</td>
<td>Department for Transport (DfT)</td>
<td>Ev 178, 181, 184</td>
</tr>
<tr>
<td>43</td>
<td>Eurostar</td>
<td>Ev 184</td>
</tr>
<tr>
<td>44</td>
<td>Transport for London (TfL)</td>
<td>Ev 186</td>
</tr>
<tr>
<td>45</td>
<td>Campaign for Better Transport</td>
<td>Ev 200</td>
</tr>
<tr>
<td>46</td>
<td>Association of Train Operating Companies (ATOC)</td>
<td>Ev 203</td>
</tr>
<tr>
<td>47</td>
<td>Nottingham City Council</td>
<td>Ev 205</td>
</tr>
<tr>
<td>48</td>
<td>Campaign to Protect Rural England (CPRE)</td>
<td>Ev 213</td>
</tr>
<tr>
<td>49</td>
<td>Nottinghamshire County Council</td>
<td>Ev 217</td>
</tr>
<tr>
<td>50</td>
<td>City of London Corporation</td>
<td>Ev 224</td>
</tr>
<tr>
<td>51</td>
<td>East Midlands Regional Assembly</td>
<td>Ev 226</td>
</tr>
<tr>
<td>52</td>
<td>Deutsche Bahn</td>
<td>Ev 228, 230</td>
</tr>
<tr>
<td>53</td>
<td>Greengauge 21</td>
<td>Ev 230</td>
</tr>
<tr>
<td>54</td>
<td>Birmingham Friends of the Earth</td>
<td>Ev 233</td>
</tr>
<tr>
<td>55</td>
<td>Mr K Turton</td>
<td>Ev 233</td>
</tr>
</tbody>
</table>

**List of unprinted evidence**

The following memoranda have been reported to the House, but to save printing costs they have not been printed and copies have been placed in the House of Commons Library, where they may be inspected by Members. Other copies are in the Parliamentary Archives, and are available to the public for inspection. Requests for inspection should be addressed to The Parliamentary Archives, Houses of Parliament, London SW1A 0PW (tel. 020 7219 3074). Opening hours are from 9.30 am to 5.00 pm on Mondays to Fridays.

11  Mr B George (maps)
Oral evidence

Taken before the Transport Committee on Wednesday 28 October 2009

Members present
Mrs Louise Ellman, in the Chair
Mr David Clelland
Mr Philip Hollobone
Mr John Leech
Mr Eric Martlew
Mark Pritchard
Sir Peter Soulsby

Witnesses: Mr Roger Allonby, Director for Infrastructure at Advantage West Midlands, English Regional Development Agencies, Professor David Begg, Chair of the Northern Way Transport Compact, The Northern Way, Mr Neil Scales, Chair of pteg and Director General of Merseytravel, pteg (Passenger Transport Executive Group) and Mr Richard Meeks, Network Development Manager, London Rail, Transport for London, gave evidence.

Chairman: Good afternoon and welcome to the Transport Select Committee. Could I ask Members if they have any interests to declare? Sir Peter, do you have any interests to declare?
Sir Peter Soulsby: I am a Member of Unite.
Mr Martlew: I am a Member of Unite and GMB Unions.
Mr Clelland: I am a Member of Unite.
Q1 Chairman: I am a Member of Unite. Could I ask our witnesses to identify themselves, please, for our records?
Mr Allonby: I am Roger Allonby, Director for Infrastructure at Advantage West Midlands and I am here on behalf of the English RDAs.
Professor Begg: David Begg, The Northern Way Transport Group.
Mr Scales: Neil Scales, Chairman of the Passenger Transport Executive Group and Director General of Merseytravel.
Mr Meeks: Richard Meeks, Network Development Manager for Transport for London’s London Rail division.

Q2 Chairman: Thank you. Could you tell us what are the top three priorities for investment in the rail network? Who would like to start?
Mr Allonby: I think from an economic point of view, I suppose the RDAs as a whole have not got a top three list that we could put forward to say that these are our priorities right now, but I think in the longer term the RDA network has recognised that high-speed rail has got significant economic benefits. It was quoted, I think, in the region of £60 billion in the recent Greengauge study but the wider economic benefits that are generated from that would bring long-term benefit to the country.

Mr Meeks: I think our top three priorities would be the provision of further additional capacity, an improvement in customer services, particularly in stations, and I think greater coordination and integration across the transport networks that exist within London.

Q3 Chairman: The Government has announced a very ambitious rail investment programme, about £30 billion. Do you think that is realistic in the current economic climate? Which things do you think are most vulnerable there?
Mr Scales: I think part of it is certainly realistic, Chair, and the electrification to Swansea and the electrification on the Chat Moss Line between Manchester and Liverpool is certainly very welcome. I think the fact that we have got control periods now from our colleagues in Network Rail is also beneficial because it allows long-term planning. So I think we have to invest in the rail network and continue to invest in the rail network for UK plc because it is vital to our economic wellbeing.

Professor Begg: It may be useful if we just look at it in terms of short, medium and long-term. Short-term really has to be addressed by rolling stock. I am wearing my Northern Way hat, so for the north of England addressing the rolling stock constraints because we have had growth in rail patronage in the north of England which has outstripped the growth in rail patronage in the South. Medium-term we would argue it needs to be the Manchester Hub. We think dealing with the congestion around the Manchester rail hub is the single most important project, not just rail project but transport project in the north of England and we would have electrification in the medium-term. Long-term it is developing a high speed rail network for the UK.

Mr Scales: Just to further amplify what Professor Begg said, we fully subscribe to that, continuing investment in the city regions both in infrastructure and rolling stock, a more integral role, we would say, for Passenger Transport Executive Group, in developing that and long-term high speed rail as well. Our single biggest project is the one Professor Begg has identified, the Manchester Hub.

Professor Begg: I think from an economic point of view, I suppose the RDAs as a whole have not got a top three list that we could put forward to say that these are our priorities right now, but I think in the longer term the RDA network has recognised that high-speed rail has got significant economic benefits. It was quoted, I think, in the region of £60 billion in the recent Greengauge study but the wider economic benefits that are generated from that would bring long-term benefit to the country.

Mr Meeks: I think our top three priorities would be the provision of further additional capacity, an improvement in customer services, particularly in stations, and I think greater coordination and integration across the transport networks that exist within London.

Q4 Chairman: Are there any particular projects you feel are vulnerable in the current economic climate, things that the Government is likely to want to drop or take longer to achieve?

Professor Begg: I think, Chair, there is so much that is not contractually committed that must be vulnerable, and if you look at how the Department
for Transport spends the money, it is anything which is not contractually committed which I would argue is probably vulnerable. If you look at what Network Rail are spending, £3.5 billion a year for Network Rail, if they have not got things really contractually nailed down then going into the Spending Round after the next Election they might find it difficult to deliver on everything they have said they are going to deliver on, and in relation to the Train Operating Companies when the franchises come up for renewal there will be tremendous pressure for the Treasury to try and deliver even more value for money for the taxpayer, which might mean less specification. I think those of us who care passionately about transport have got to argue that the big mistake we have made in the past in the UK is that transport has been far too susceptible to short-term financial pressures and it is why we have fallen behind the rest of Europe. I think we have got to make a compelling case that the worst thing to happen for transport is for us to turn off the investment tap and then maybe expect in five, six, seven years’ time to turn it back on again and for us to have the skilled resources available to deliver on a new programme.

Q5 Mr Clelland: Could I just look a bit more closely at the high-speed rail issue? Could the witnesses tell us what the specific benefits to their regions would be of high-speed rail?

Professor Begg: We would argue for the north of England that high-speed rail is not just desirable but is essential because we cannot see any other credible strategy which is going to deal with the capacity constraints that we are going to experience on the West Coast and East Coast Main Lines. I know that patronage is going to take a hit because of the recession, but all the evidence we have seen is that the rail patronage numbers will come back and that in 10 to 12 years’ time we are at capacity on the West Coast and a few years later we are at capacity on the East Coast. Now, the best way to deliver on that extra capacity is not to do what we have done on the West Coast Main Line, which is to spend £9 billion on an upgrade with all of the upheaval that goes with it, but that the best way to spend taxpayers’ money is to deliver on new capacity. You would have to be absolutely mad in 10, 15, 20 years’ time to put in new capacity which wasn’t state-of-the-art high-speed rail because the benefit to cost ratio is excellent. So we would argue it is pretty essential, but it is desirable in the sense that we would get tremendous economic returns in shrinking the journey times between the cities in the north of England and London, not just to London but right across the Pennines.

Q6 Mr Clelland: Do you regard state-of-the-art as being traditional rails on steel rails? What about Maglev, would that not be state-of-the-art?

Professor Begg: Yes. We have not really got bogged down in the exact type of technology yet. That is a debate which still needs to be had. One of the reservations I would have about Maglev is its ability to have interoperability with the existing rail network and penetrate city centres. I would worry about a strategy which does not give us good access into our cities.

Mr Scales: Just amplifying David’s point there, high-speed rail will free up lots of capacity on our inter-urban network, but also freight as well, we mustn’t forget freight. So I think we need a high-speed rail spine going up the country. Now, whether it goes East Coast, West Coast, is yet to be determined but certainly we need one, again for the economic wellbeing of UK plc.

Q7 Mr Clelland: What would the preferred routes be then, from your point of view?

Mr Scales: We have got to be very careful on that too, Chair, because as soon as you declare a route you declare blight. High Speed 1, for example. I cannot remember the numbers exactly, Mr Clelland.

Q8 Mr Clelland: Well, you are not going to be making the decisions so there will not be any blight, so just give us an opinion.

Professor Begg: I will give you an opinion, actually, because this is a contentious point. Everyone is in favour of high-speed rail until they find out their area isn’t going to be served. Again, if I can focus mainly on the north of England, we actually argue strongly for a West Coast and an East Coast route with a link across the Pennines. We argue for two separate routes because firstly we think that the economic case is very persuasive on that and we are really concerned about having one route into London with four tracks in each direction because the capacity problems that would create for a London terminal would be immense. So that takes us to two routes, and we would argue strongly that the route that is giving the best economic return is the West Coast route from London to Manchester, but very quickly after that we would want to build the East Coast, London/Yorkshire, up to Newcastle. We have some concerns that if there is quite a big time-lag between developing high-speed rail from London to Manchester via Birmingham and quite a big time-lag in serving some of the east coast cities, that could be quite a big economic disadvantage to Sheffield, Leeds and Newcastle. So we are arguing that that connection should even come before the connection to Scotland.

Q9 Mr Clelland: Do the RDAs want to make any comment on that?

Mr Allonby: I think we are very supportive and think high-speed rail will deliver huge economic benefits, not only in terms of direct economic benefits as set out in the recently released national study but if we are going to compete for inward investment with other competitive European nations who have got high-speed rail links it is important that we have got the infrastructure and the conditions for future growth. Also, obviously a major issue that we have tried to address across the regions is the kind of economic performance output gap. Trying to attract investment and business growth in areas outside the

1 Note by witness: “in each direction” should be deleted
South East requires a very strong modern rail network to allow us to compete in new markets and attract new markets.

**Mr Meeks:** Within the London region the Mayor supports high-speed rail, but we do perhaps have a slightly more parochial slant on it. For us, one of the key aspects is the capacity cascade which Mr Scales referred to whereby additional capacity for the long-distance high-speed services frees up line capacity for the suburban services. It relates back to the previous question about continuing to invest in transport infrastructure. The economic impacts of transport investment, particularly in London, are absolutely colossal and on a lot of lines we are running out of options for ways in which we can add extra capacity. I mentioned this to Network Rail recently and they said for the West Coast mainline they have identified high-speed rail as the most cost-effective solution. So that leaves you with little alternative but to push on with it if you want to sustain the economic development and economic growth.

**Q10 Mr Clelland:** How important is it that high-speed rail links in with Heathrow Airport?

**Professor Begg:** It is very important if we are trying to achieve all the benefits that come from a modal shift from domestic aviation to rail. Sir David Rowlands will be producing his HS2 Report to the Secretary of State by the end of December and one of the big things to look for is what is going to happen to CO₂. If you get a connection into Heathrow you will find that creates a very persuasive argument for high-speed rail in terms of CO₂ reductions, especially if you start to get a big modal shift in Scotland from aviation to high-speed rail, and also Manchester and Newcastle.

**Q11 Mr Clelland:** What is the London view on the importance of the high-speed rail link into Heathrow Airport?

**Mr Meeks:** Linking airports is really an issue about long-distance journeys within the UK, which is really outside our area of interest, so we really look to companies like HS2 to make the case for links to Heathrow Airport. We do not have a particularly strong view on that.

**Q12 Mr Martlew:** What about the link to the Thames Estuary Airport?

**Mr Meeks:** I am no longer sure if the Thames Estuary Airport is the Mayor’s policy. The London Plan is rather quiet on it.

**Chairman:** Let us keep to the question.

**Q13 Mark Pritchard:** The West Coast Main Line. I happen to be a West Midlands MP, a Shropshire MP, so I would concur with many of the comments which have been made. Professor Beggs, do you agree that whilst that might be welcome, also a trans-European network connection to the ports in Wales—and this Committee has looked at the ports and the Welsh Affairs Select Committee has looked at ports and increased traffic coming through the Welsh ports and Europe has been talking for decades about trans-European networks and yet still most passengers have to get off at Wolverhampton and connect into Shropshire or into Wales. What has gone wrong? Why this strategic gap in the provision of railway networks in Shropshire and Wales?

**Professor Begg:** Are you talking about passenger or freight traffic?

**Q14 Mark Pritchard:** Passenger traffic.

**Professor Begg:** There has always been a really strong argument to try and make sure that there are through trains from Scotland, the north of England, other parts of the UK, directly into Europe. If you actually look at the economic case for doing it, it is not nearly as persuasive as we thought it would be because the volumes of traffic are not as high. That does not mean to say we should rule it out. We think there needs to be a very good interchange between wherever the termini are going to be in London for high-speed rail. There has to be an excellent interchange to St Pancras. Whether you can actually connect into St Pancras directly—there is going to have to be a lot of much more detailed work than we have managed to carry out so far.

**Q15 Mark Pritchard:** That is the East Coast. Should all trains stop in Wolverhampton, that is what I am saying, when you have got another country, Wales, with all those ports? You have got connections to Ireland, part of the European Union, part of the 27 Member States, part of the overall grand vision of 20 to 30 years ago, trans-European rail networks, still undelivered.

**Professor Begg:** Yes. My remit here is the north of England, so I am kind of straying outside my territory—

**Mark Pritchard:** Perhaps Mr Allonby? You represent the English regions and Advantage West Midlands. What is your view on that?

**Q16 Chairman:** Mr Allonby, can you help?

**Mr Allonby:** Unfortunately, the English regions probably could not speak for Wales directly, obviously, but the links into Wales on any transport network are important and also links in between major national English cities to increase both trade and connections, so I think a rail network which linked into Wales would obviously bring greater economic benefits for those regions and our region, the West Midlands region, in terms of trade.

**Q17 Mark Pritchard:** What I am trying to get at—and I think the replies are confirming my worse fears—I understand by definition in a sense that so often strategic rail planning is done around urban centres, for obvious reasons, but the issues of social inclusiveness, dealing with peripherality and morality, those things are so often overlooked and yet the same messages about getting out of your car and using more public transport are as equal in rural areas as they are in urban areas, so there needs to be some equity in the strategic planning as far as railway investment is concerned. That is my point.

**Mr Allonby:** I think it is a very good point on the basis that we need to look at how rail interchanges and links with other modes of transport, but also
priorities for economic development, housing growth and other things, and sometimes in planning for these things we don’t look at them in a combined way. The English regions have recently submitted and developed regional funding advice back into government to demonstrate how housing, transport and economic development funds our work in more of an aligned way to address and bring things forward around the community priorities for economic or social inclusion, housing growth, and others.

Q18 Mark Pritchard: My final point is this: I am intrigued by trains stopping at airports and that is great, and a new high-speed rail link would be wonderful, but perhaps, gentlemen, we as a country can start by actually getting existing trains which go by existing airports to stop and get passengers on board? A good example is the Wrexham, Shropshire & Marylebone Railway Company Limited, owned by Deutsche Bahn, now working closely with Chiltern Railways. They are not allowed to stop at Birmingham Airport. Birmingham, not Manchester, is the United Kingdom’s second city with a very busy airport, a very important regional airport, and we do not even let existing trains open their doors at existing airports, so I think we need to start getting that right as well as trying to look to the future of the other lines.

Professor Begg: That is one of the downsides to the Open Access policy, that they are not allowed to stop there. That is something which I think we would hope would be addressed in the next round of franchises.

Mark Pritchard: Thank you.

Q19 Mr Leech: I will start by not arguing with Mr Pritchard over Birmingham being the second city, because Manchester is the first city! Moving on, do you feel that the balance is correct between investment in London and the rest of the regions?

Mr Scales: I will have a go at that, Chair. The answer is, no.

Q20 Chairman: Is it right that there is three times as much spending per head on public transport in London than there is in the North? Is that fair?

Mr Scales: We think Transport for London is doing a marvellous job and their Overground system is excellent, but it cannot be right that there is £836 per head spent in London against £269 per head in the regions. That is a spending gap that is becoming a bit of a chasm. We fully support London as the capital city. It has got a unique role, with 7.5 million people, but we think there is a case for investing more in the city regions rather than just in London. That is a very tricky balance which we need to have a look at.

Professor Begg: This is not quite clear-cut. Our objective for the Northern Way is to try and close the economic productivity gap between the north of England and the South. We would argue it is very difficult to do that unless we actually close the spending gap. One of the challenges we have, though, is that we also need a very strong London and a very strong London economy because that is good for the north of England. If you look at the benefit/cost ratio, just because of the sheer volume of people who are using the system in London and the South East the benefit/cost ratio always turns out to be very good and that tends to sway decision-making. The one point I would make about comparing London with the rest of the UK, especially the north of England, is that we are crying out for strong Transport for London-type governance bodies in the cities in the north of England. We can focus an awful lot on money, on cash, but until we have got really powerful transport bodies covering journeys in the travel to work area in our cities outside London we are always going to be at a disadvantage.

Q21 Mr Leech: Would they be as strong as Transport for London if they did not have the sort of investment and money that Transport for London has though?

Professor Begg: No, the money would come with it, but you see the lesson we have learned in the last decade is that it is the devolved parts of the UK that have prioritised transport more. If you look at London, Scotland, Wales, they have really upped the transport spend. Is it just devolution? Probably there is more to it than that, but it is no coincidence that they are all devolved areas. We would argue there is a very strong case for devolving more powers to the north of England and to the city regions in the north of England.

Q22 Chairman: Do you think the gap should be dealt with by London getting less or the regions getting more?

Professor Begg: No, I think that would be bad for the rest of the UK, if London got less. The way we would try and bridge that gap is just to put a persuasive case for transport investment, how critical it is for sustainability and for the economy. Just wearing my north of England hat, we have not been good at arguing collectively for transport investment in the north of England. It has been far too easy for Whitehall to pick off one city against another or one region against another. What we are starting to do is speak with one collective voice. It is no coincidence that projects like the Manchester Hub, which should have been invested in 20 years ago, has suddenly come up the agenda because the north of England, at long last, all the different political parties and the different regions, are coming together and saying “This is a critical project, not just for the North, West and Greater Manchester but for the whole of the north of England.”

Q23 Mr Leech: The way the Government decides its rail priorities and where it is going to put its money, does that adequately take into consideration local and regional priorities?

Mr Scales: I think the Passenger Transport Executive, could be more involved in that decision-making process because we represent local people and we can get local solutions to local issues. We are much more able to take land use planning into account and the environmental issues into account.
The Passenger Transport Executives have been there for 40 years and therefore we have got a good track record of investment, so I think involving us more would be good. We are trying to make a case now on the co-signatory status on franchise agreements which we used to have sometime ago. It gives us a seat at the table and that would help. So I think my answer would be, if you can get the Integrated Transport Authorities and their PTES more involved in the process you will get more economic benefit because we do represent local people.

Q24 Mr Leech: How does the consultation with PTES work at the moment and are there any positive outcomes from the way the consultation goes?

Mr Scales: I think it is effective and we have got an effective set of politicians who back us up as well, so it is effective. It just could be more effective and the point that David Begg is making is that we just need to be more joined up. We are getting our act together to be more joined up and that is going to help everybody.

Q25 Chairman: Will the integrated transport authorities help to make things more joined up than the PTAs could do?

Mr Scales: We say yes, Chair, because a good example in our area is that we have already got an existing freight strategy and within each local transport plan now there is the ability to get freight more joined up with all modes of transport. As an example, we have just put a piece of rail track back in the North West which will take containers straight from the West Coast into the Port of Liverpool. That is the Olive Mount Cord. That is an example of where ITAs have been a coordinating function and I think calling them Integrated Transport Authorities so that they are more strategic is the right thing to do. I think we can operate 25 miles outside our boundaries anyway. We are looking at the travel to work area, so you have got a really powerful engine there to make sure transport does work. It is the point Professor Begg has been making in the past, that the city regions are going to be the economic engines, along with our colleagues in London, for UK plc.

Q26 Mr Martlew: I do not want to concentrate on high-speed lines because it has been done, although I have read Network Rail’s proposals and I have read the Northern Way’s and the indications are that you are going to put a 90 mile scar through Cumbria and not stop the high-speed line, but that is an argument for my successor to some extent. Can we concentrate and focus our eyes down a bit because there have been issues about capacity on the West Coast Main Line? The capacity is going to run out before the high-speed line is built. Surely the thing that we must do first is that we have got to get new signalling, in-cab signalling, on the West Coast Main Line. I disagree with the comment made, the indication that it was a waste of money building the West Coast Main Line. Most of it was renewable so it had to be done, but we need to get the signalling right so that we can run the trains closer together. We need to improve the rails north of Preston so that they can run at 135 miles an hour. The big worry is that we are all going to be talking about the high-speed line and we are going to forget what we need to do in the medium term, otherwise we are going to have a major capacity problem. Is that not the case?

Professor Begg: Yes. I hope I did not say—and if I did I got my words jumbled up—I would not argue that the £9 billion spent on the West Coast Main Line was a waste of money. I would argue that maybe with the benefit of hindsight—and I was not arguing this at the time so I’m at fault too—that it might have been better to look at developing a new route. Maybe 10 years that might have been a better strategy. On your question about Carlisle, we have not really got into a lot of the detail but we certainly would not rule out—and I am not just saying this to appease you—a high speed station in the vicinity of Carlisle. But where we totally agree with you, and this is the mistake the Italians made when they developed high-speed rail, they did it at the expense of the classic rail network, the existing rail network. That would be an absolute disaster for us in the UK. Keep your eye on what is going to happen in the next 10 years to the East Coast Main Line, because there are plans to upgrade the East Coast Main Line and create more capacity, and I just have some worries when the spending freeze comes just how much of that work is actually carried out, and then you are spot on, we start to run into acute capacity problems.

Mr Scales: Yes, I think we have got capacity problems now. We have increased rail journeys by 41% from 1995-96, to where we are now, but 60% of commuter lines into Leeds are overcrowded now, 50% into Birmingham and Manchester are overcrowded now. So you are absolutely right, we need to start increasing the capacities on the local networks now, which means more and longer trains, it means the signalling system that you have just described, it means trying to get more people onto walking and cycling as well as the rail networks. So it is the whole integrated package.

Q27 Chairman: The Government is reviewing its rolling stock plan for the Northern railways in view of the electrification programme. Does that cause you concern?

Mr Scales: I think on that we were looking at 1300 new carriages first, Chair, and I think Northern were going to get 182 of those 1300 carriages, but if you take investment in the railways now I think over the last five years Northern Rail have had zero whereas there has been over 500. I think, in the South East. The electrification will allow us to get different rolling stock into the North. The electrification from Liverpool to Manchester is a case in point, so I think the Government is right to have another look at that, but we are still struggling to understand how the 1300 carriages is worked out, why it has been reduced and where it is at the moment, so some clarity from the Government on that would be most welcome.
Professor Begg: I think the Government is right to review the situation in light of the electrification proposals because that changes your requirements in terms of rolling stock. Diesel rolling stock going forward is going to be incredibly expensive because not many of the manufacturers are making it, everyone is electric. It is a huge incentive for us to go electric and buy purpose-built rolling stock. I think what the Government has to avoid doing is to continue to look at this in a relatively short-term time period. It tends to look at railway investment over a five year timeframe, so it will look at what the capacity problems are going to be at the end of this control period, which is 2014. The trouble with that short-term analysis is that it is far too prone to variations in public finances that are available and it does not look at what the capacity problems are going to be from 15, 20 years down the line, which are going to be very acute. So again, I think one of the things this Government has done well is to try and get transport investment into a longer term strategic timeframe, but there is a bit to do on that yet.

Q28 Mr Martlew: If we can go to the Manchester Hub and look at Crossrail, we know what is going to happen there and we know how much it will cost and we know how it is going to be funded. Is there any plan for the Manchester Hub? Do we know how much it is going to cost, who is going to pay for it?

Professor Begg: No. We have actually just completed this study in terms of what the economic benefits are going to be, which are currently £16 billion. We are waiting for Network Rail to complete their study, which they will do by the end of January, and then we will get a feel for what the costs are and the best engineering solutions. What intrigues me on the Manchester Hub is why did it not happen 20 years ago? I am intrigued by this. Why do some projects get right to the front of the queue? Crossrail is a fantastic project for London, but it took an awful lot of lobbying and collective support from the business community in London to get it there and I think the point I make to you is that we are starting to get our act together in the North of England but we have got a lot to do yet in terms of arguing the case for investment in projects like the Manchester Hub. So the earliest it is going to happen is the next Control Period, which is Control Period 5, beginning in 2014, and I don’t have to tell you how challenging that Control Period might be in terms of funds available.

Q29 Mr Martlew: Can we talk about funds because when the railways were built they were built with private money. There is a feeling now that it has all got to be public sector and we look towards the future and we think there isn’t going to be a lot of money about. Is there not a case, if we build a high-speed line to Birmingham or Manchester, for saying that the business rate payers of those cities should make a contribution? Are people thinking about other ways of bringing investment into the railways?

Professor Begg: Yes, that is what has happened with Crossrail, although it is the part of the funding for Crossrail which is probably the most susceptible and it is the most difficult to try and secure. The big question mark about how much public sector and how much private sector money will be available, say, for high-speed rail—we know the bulk of it is going to be public sector, but the reason why we can’t be too precise is because we don’t know, 10, 15 years down the line, how we are going to be pricing for carbon. Is public transport going to be in the Carbon Trading Scheme? What impact is that going to have on the competitiveness of rail versus aviation? Is there going to be national road pricing? Is there going to be motorway tolling in 15, 20 years’ time? We just don’t know how the world is going to change and how that is going to impact on the amount of private sector funds that will be available.

Q30 Mr Martlew: My final question is, do you think longer franchises for the rail companies will bring extra investment? We are talking about the rolling stock. I think Virgin are arguing for 30 or 40 year franchises.

Professor Begg: I am a strong advocate of longer franchises.

Mr Scales: Yes, we have got a 25 year concession on Merseyrail Electrics and it has allowed our private sector partners to make significant investments that they wouldn’t have done on a shorter franchise. Two years on the railway is just a heartbeat.

Mr Meeks: Just to be controversial, I would actually argue the opposite. I think the franchises should, if anything, be shorter. The model we have for the London Overground network which is what we call a gross cost contract whereby TfL keeps the revenue and specifies the services. The operator merely incurs the operating cost, which we then pay. So we take the revenue rather than the operator taking that, and that introduces a lot of efficiencies within an urban network because it leaves ourselves better placed to manage risks around demand or economic changes which under a normal franchise would be priced in up-front and usually ends up being more expensive to the taxpayer. It is partly an issue of efficiency, cost-efficiency, and making the most out of the current investment that we have, but we think this gross cost model is the way forward in the long-term for urban areas. That sort of leaves you independent of the length of term of the franchise because it leaves really ourselves as the PTE, if you like, as the specifier, to be able to look at issues like social benefit which are outside the remit of a train operating company. So a TOC can only consider matters from a revenue perspective, whereas we can take a wider view of benefits to society and therefore specify those services, which I don’t think a longer term franchise would particularly help.

Q31 Mr Martlew: London is in a sort of unique situation by its very size, though, is it not? So you do have buses that are not de-regulated, which does help.

Mr Meeks: I think it is a model which could apply to any dense urban network.
Q32 Mr Clelland: Just bringing Professor Begg to his comment reminding us about the objectives of the Northern Way to reduce the economic divide between the North and the South, and the fact that high-speed rail could play a part in that, but that suggests that those cities that are linked up to the high-speed rail system will have an advantage over those which are not. So if, as he says, we should develop the West Coast first, where is that going to leave the East Coast in terms of the disadvantage they would suffer as a result?

Professor Begg: We have been very forceful on this, to argue that you have got to start somewhere. Somewhere has got to have a high-speed route before somewhere else and the evidence is pretty persuasive in favour of London, Birmingham, Manchester. It has just got a better rate of return, and that is partly because the capacity problems become more acute quicker on the West Coast Main Line. But we have been at pains to argue that Yorkshire and the North East need to be developed very quickly, in fact I have been quite controversial in arguing that we go to Yorkshire and the north-east of England before we go to Scotland, which has not been flavour of the month with some of the people I know north of the border. So we would argue very strongly for that. Sir David Rowlands will be coming out with his options on how you develop high-speed rail north of Birmingham towards the end of the calendar year and we are very hopeful that there will be better news there for Yorkshire and the North East than was contained in the Network Rail report.

Q33 Mr Hollobone: Our inquiry is priorities for investment in the railways, which implies that whilst we would like as a country to do everything, we can’t, and we have to choose. So I wonder if I could just paint a picture and try and put each of you on the spot? Next year we know we have got to have a General Election. We know there is going to be a new government, whatever colour that might be, and it will either be Sir Peter who is Secretary of State for Transport, or Mr Pritchard, or if things go really wrong, Mr Leech! On the day after the Election the new Secretary of State calls each of you into his office and he says, “Right, gents, I want to know from you one scheme which simply has to go ahead and one scheme which I’m going to have to cut, given that my budget is going down by 10%,” and can I ask each of you in turn which scheme you would push for and which scheme you would axe?

Mr Meeks: I will go first, not that I particularly want to. It is the dreaded, “What are your strengths and weaknesses?” question, that one. I think for us within London we would probably look to fill one of the gaps within the HLOS 1 settlement. I think probably the worst corridor for us is the Lee Valley Main Line. It has a combination of crowding but also a very great deal of regeneration potential and an airport on the line as well at Stansted. We believe that four tracking of the Lee Valley is an absolutely essential scheme to London for those combined reasons.

Q34 Chairman: Which is the one that you would drop, in deference to the people of the North?

Mr Meeks: It would probably have to be high-speed rail, I think. Clearly, we do support high-speed rail. Please note that.

Mr Scales: I would push for the “Borderlands” scheme because it recognises that Wales isn’t an island in the North Atlantic and needs connecting up to the Merseyside area to connect it with jobs, opportunities and healthcare. So I would push for the “Borderlands” scheme and then the one I would drop would be the Manchester Hub and rely on my colleagues in Greater Manchester to argue for that one!

Q35 Chairman: So you are not saying the Manchester Hub does not matter, Mr Scales?

Mr Scales: No, I am saying the Manchester Hub has been properly argued by my colleagues in Greater Manchester and West and South Yorkshire.

Professor Begg: We need to change the name of the Manchester Hub. Crossrail for the north of England is a better term, otherwise people will view it as a Greater Manchester project and will miss out on exactly what it is actually going to do. So I would push really hard for the Manchester Hub and improving rail connectivity across the Pennines. What would I drop? I would raise more revenue, and I would raise more revenue from green taxes. I am not a fan of increasing tax on activity we are trying to encourage like work, so I am dead against a big increase in Income Tax. I would be arguing very strongly for green taxes and I would also urge the Government to re-look at road pricing.

Q36 Chairman: Which green taxes would you encourage?

Professor Begg: It would be taxing carbon and I wouldn’t just be relying on the European Trading Scheme. I would like to see us emulate what Sarkozy has done in France. He has his own green tax on top of the Carbon Trading Scheme. What that does is, it doesn’t just raise revenue, it suddenly changes the competitiveness of different modes of transport. Suddenly railways become much more competitive against car and aviation.

Mr Allonby: As one RDA representing a number of RDAs, it would be difficult for me to put forward a suggestion for which one to keep and which one to drop. I think the RDAs collectively recognise the value of high-speed rail, but you only really recognise the true benefits of high-speed rail if the interconnection of transport around the stations that are developed is in place as well. I think it is then perhaps more a question of how do we go through a process of prioritisation, and in that I think there is a case for looking at transport schemes in alignment with economic, housing and other social projects and priorities for funding and say, “How do we make the best use of those?” and prioritise on that basis.

Q37 Sir Peter Soulsby: I really want to follow on from Philip’s question there because it is right to remind us that the inquiry is about priorities and it is about the process for establishing priorities and
some fairly big issues are likely to be faced when looking at where the investment should go. To pick up from the answers to that question, if it does come down to a choice between a high-speed line or lines and more widespread investment in developing the capacity of what has been described as the classic network, why should it be high-speed rail that gets it rather than something which has the potential to get more people from the places they are coming from to where they want to go at prices which are more likely to be affordable? 

Professor Begg: It can be both. I know this is probably the worst time to be talking about developing a high-speed network, but if you look at the timeframe when the big spending commitment comes you are talking about seven to 10 years down the line. It is not going to be in the next 10 years. So the next decade, you are absolutely right, we need to concentrate on the classic rail network, but we haven’t been persuaded that that is going to deal with our capacity problems in the longer term or that it is the best way to deal with capacity problems.

Q38 Sir Peter Soulsby: Is it not more the case that there has not yet been a convincing case made that high-speed rail will deal with those capacity problems and that actually for most people the benefits are more likely to come from continued investment in the classic network?

Professor Begg: All of the studies that are coming out—which is quite unusual in transport because you tend to find huge discrepancies in the study, but all of the studies that are coming out are in agreement that high-speed rail is the best way to deal with capacity. That is what the Network Rail study said, that is what Jim Steer’s Greengauge study said, that is what we have said in Northern Way and I would anticipate it is also what Sir David Rowlands is going to say when he reports on High Speed 2 at the end of the year.

Q39 Sir Peter Soulsby: I wonder, Mr Allonby, whether you would agree, not necessarily with your West Midlands hat on but in your role representing other English regions?

Mr Allonby: Obviously it is a big decision to take in prioritisation as to where investment should go and I don’t think necessarily for this one you can look at it on purely a simple either/or basis. If we are going to meet some of our long-term challenges not only in terms of capacity but a modal shift of transport from road to rail and other things in terms of meeting carbon reduction targets and long-term economic sustainable prosperity, we have got to look at how you create a high-speed rail network which has economic benefits that the existing network will need to fulfil and use capacity around it for freight and other things. I think on that basis it is perhaps a question of saying, “How are some of these things brought forward, funded and delivered and what is the business plan around them for delivering that?”

Q40 Sir Peter Soulsby: With respect, it is very easy to argue that we ought to have both. Of course we should have both, but in the real world it may actually come down to the choice of either/or, and I think what I am asking you is, if it does come down to such a choice why should it be high-speed rail?

Mr Allonby: I think the benefits of high-speed rail have been set out in the studies. I think also when you compare that with other countries there is a good example like Lille in France, which actually has changed its whole economic performance and outlook by the creation of the TGV network, providing a fast, efficient solution in terms of links across France. It has created a new business professionals service market in Lille. So although the studies we have looked at are very transport specific, I think the potential wider economic benefits of a high-speed network could deliver economic change in those areas where perhaps just slightly improving the current existing network wouldn’t lead to quite such a significant change.

Sir Peter Soulsby: I think we are all aware of the very powerful argument for high-speed rail. I think what I am putting to you is not for you to re-play those arguments to us but to say whether, if it comes to a choice, those arguments outweigh those for not just a little investment elsewhere but substantial investment in a more widespread classic network?

Q41 Chairman: The question being put is not whether high-speed rail matters or is important, it is, if there was a choice why would that be so much more important than investing in high-speed?

Professor Begg: Could I help Sir Peter on this one, because if we are not going to experience the growth in rail patronage which has been evident in the last decade, so we don’t run into the capacity problems, and then it comes down to a sharp choice between high-speed rail or making sure that we are investing properly in the classic rail network, then it would have to be the classical rail network. That would have to be your choice. But if we do continue to experience the very high growth rates we have experienced over the last decade and that is a continuing trend going forward for the next 30 years, then dealing with capacity constraints pushes it to high-speed rail just because it has got the best investment case.

Mr Meeks: I think one of the issues with high-speed rail is that on many corridors you are simply running out of options for ways to add further capacity. I appreciate you are asking us to make a choice and I feel that the four of us are struggling with that because we can see the problems, that unless you invest in further capacity you will stagnate economic growth and you are reaching the point where there are just very few other ways of doing it, or no other ways on some corridors. We have seen that to some extent in the London area with the HLOS 1 schemes where they are lengthening trains to 10 car, 12 car. We are now looking at options for the next control period and it becomes increasingly difficult to find ways to run that extra capacity. You look at South West Trains going to 12 car and you have to rebuild Waterloo. It suddenly becomes enormously expensive. I think that just gets worse and worse in the future. Yes, you are asking us to make a choice,
but ultimately I think the bullet will have to be bitten by Government if it wants to sustain economic growth.

Q42 Mark Pritchard: Mr Meeks, I will give you an opportunity to perhaps say a little bit more to the Committee. Short-term investment with the Olympics coming up. I just want to know what are the main projects? You know most of them. If you could outline them for us that would be very helpful, what is on time, what is on budget, or not on time and not on budget, what the legacy will be and what you think, given that you like strengths and weaknesses, the strengths and weaknesses of your programme are?

Mr Meeks: I think for us the most significant area of investment is what we call the NLRIP project, the North London Rail Investment Programme project, which is adding very significant capacity to the London Overground network. London Overground is an orbital railway. It serves Stratford directly. We have a £326 million programme underway at the moment, which Network Rail is undertaking for us, for which we have part-funded and the ODA has part-funded. That seems to be progressing very well. As far as my information goes, it is on time, it is on budget and we are very focused on 2012 delivery. The other associated project within the London Overground network is the East London Line extension, and I know that is progressing very well indeed. They have started test running on the main section of that. That is going very well. What were the supplementary parts of the question?

Q43 Mark Pritchard: There will be a legacy, of course, but are there any other issues of Olympic legacy, transport investment legacy?

Mr Meeks: There are some very interesting legacy proposals for the Stratford railway lands area and we are involved in the planning of that by making sure there is adequate transport in the future beyond the period when the Games are finished. There is a chance to really regenerate Stratford and create really an exciting new centre there.

Q44 Mark Pritchard: Are there, finally, any concerns you have about any of those projects, something we should be concerned about?

Mr Meeks: I will say no, actually. Not that I am aware of, no.

Mark Pritchard: Great. Thanks.

Q45 Mr Martlew: If we go back 50 years to the motorways, the first part of the motorways to be built, if I can remember correctly, was the Preston by-pass, the M6. We know, for example, that Stafford is a bottleneck on the West Coast Main Line. Can you see a situation where the first part of the high-speed line will not be built in London or Birmingham but will actually be built to get rid of a bottleneck somewhere on the classical line?

Professor Begg: The question has been set by Lord Adonis, has it not, to High Speed 2, which is, “We want a high-speed route. Look at a high-speed route from London to Birmingham, tell us if that stacks up, and then where does the network go from there?” So in a way the train is up and running now, isn’t it, in terms of they are starting at London. If you have got bottlenecks in other parts of the classical rail network like we have in the Manchester Hub, the best way is to deal with investment in these bottlenecks.

Q46 Mr Martlew: What I am saying is, if you are going to get rid of these bottlenecks by building a new line, you are going to build it to high-speed specification. You are not going to build it to the classic and then upgrade it, are you?

Professor Begg: No, but it depends on the level of investment that is required because sometimes you don’t need a huge amount of investment to deal with a specific bottleneck.

Q47 Chairman: Are you satisfied with the Government’s commitment to freight? Are we doing enough to support freight on rail?

Mr Scales: I think we could do more and I think the advent of the Integrated Transport Authorities through the 2008 Transport Act will help because we are now able to integrate all modes of transport and there are examples from the Passenger Transport Executive Group. It does not just start there, we should be encouraging all the ITAs (Integrated Transport Authorities) and their executives to do the same. So I think we could do more to get freight on rail and we could do more to get freight into our ports, not necessarily the South East ports but the ports in the North and then that will encourage—I have got to be careful how I say this—short sea shipping.

Q48 Chairman: Do we need a dedicated North/South freight line?

Mr Scales: I think as long as the hubs are properly developed and you have got integration between the freight to rail and rail to road that we have got now we have probably got adequate and sufficient capacity. As Professor Begg has been outlining before, I think High Speed 2 when it is built, whichever the route is and whatever the timing is, that will free up the classic railway freight paths as well and I think that will help enormously. So I am not sure whether we need, Chairman, a dedicated North/South route because I don’t know what the demand is. I know some of the demand comes on Transeuropean networks, across the M62, some of it is in the South, some of it is into Liverpool, some of it comes across from America. So I would say probably not, but I don’t think I’m equipped to answer that question. Maybe David can.

Professor Begg: I support what Neil Scales has said there, that the best way to deal with capacity for freight is to try and free up capacity on the classical network, but we would argue that the biggest issue as far as rail freight is concerned is how do we deal with the nine foot containers and gauge enhancement? The man sitting behind me, John Jarvis, from the Northern Way, has done a superb job in leveraging extra money to try and enhance the gauge across the Pennines to connect up the East
Coast ports with the West Coast ports. There is a lot of work still to be done on the East Coast Main Line, the connection up to Yorkshire and the Midlands. If I have a concern it is whether the funding is still going to be available going forward to continue that excellent work on gauge enhancement.

Q49 Mr Leech: Is not the reality in an economic downturn that, as usual, it will be freight that will take the first hit?

Professor Begg: It will, and always will. That is why the big danger, as I tried to say earlier, is that if transport investment fluctuates based on the latest figures on GDP, we are never going to get to where we need to be, which is longer term planning for transport infrastructure, because as sure as night follows day the economy, fingers crossed, will recover, freight volumes will go up and we won’t have the capacity to deal with them.

Q50 Mr Leech: In terms of getting freight onto railways, is there a real economic case to spend the sort of investment that is needed to get the sort of modal shift that we require, because we often hear arguments that it is too difficult to get any more freight onto the railways? Is that a justifiable argument?

Mr Meeks: I would say not. Within the London area there is very significant freight traffic from the Haven ports, from Ipswich, which is heading for the north of England which at the moment is routed through London and London, of course, has the busiest transport network anywhere and this is traffic very, very little of which actually has London as a destination but it is there clogging up the London network. There is a superb project being mostly funded in Control Period 4 called Felixstowe/Nuneaton, which acts as a route to get freight to the North and bypass London. We would very much look to see that sort of project finished within the next Control Period. That still leaves us with very significant freight issues or challenges in London, particularly with the development of the London Gateway Port, around Tilbury, the London ports. They have no choice but to route through London and you come across a very serious bottleneck where passenger and freight services will be in direct conflict. Both are forecast to grow very strongly. The current recession notwithstanding, which has hit freight quite hard, the long-term forecasts for both are very high. I think we would see that as probably one of the investment priorities for the next Control Period and I am very sure that a strong case can be made for that.

Q51 Mr Leech: Will this new line to Nuneaton actually free up extra capacity for passengers or just increase capacity for freight?

Mr Meeks: Well, by diverting it away from London it should free up passenger capacity, but that then does still leave you with the problem of freight capacity from the London ports and it is the same bits of track you are competing over, so one problem helps the other.

Q52 Chairman: What can be done to integrate rail with other transport modes in a more effective way?

Professor Begg: Do you know, the biggest frustration I think a number of us have had in the last decade is our inability outside of London to develop a smartcard. The Oyster card has brought huge benefits to passengers in London and our inability to do it in the rest of the UK has made it really difficult to get the type of integration that we need even just between bus and train. I would single that out as being a project which we really have to deliver on in the next few years.

Mr Scales: I think the integrated transport authorities have been doing this for a long time now and if you look back as far as the 1966 White Paper, where Barbara Castle said, “You need men of integrity and vision to integrate public transport in the Metropolitan areas,” and that is still what we are trying to do. The 1968 Transport Act set us up and I think the 2008 Act actually puts the impetus back on us now. I think there are examples across the PTE areas of good integration between bus and rail, cycling, walking, and I think we have just got to keep on doing what we are doing, and integrating land use and planning as well.

Q53 Chairman: Are any more powers needed to enable that to happen more effectively, or is it about using existing powers?

Mr Scales: I think we have got enough shiny new powers in the 2008 Act. It is a matter of using them now.

Q54 Chairman: Do you think that Government decisions on rail investment take enough account of local and regional needs?

Mr Scales: I would say not.

Mr Allonby: I would agree with that as well, not just in transport terms but I think the opportunity to look at longer term planning beyond the focus of five years, looking at where there is economic development, regeneration and other things happening across the regions would help plans for integration and better aligned investment at a local, regional and national level to make sure that we have an integrated transport network and that the network responds to where demand and need tomorrow is going to be, not just now.

Q55 Chairman: Does anyone have any specific proposals on how investment decisions could be better related to local and regional needs? Is it to do with the process, is it to do with the weighting given to different criteria?

Professor Begg: I would argue that you need to devolve more powers.

Q56 Chairman: To the regions?

Professor Begg: Yes, because if you look at what is happening in London and Scotland much greater emphasis is on investment in transport, especially rail investment. Yes, I would argue that there needs to be more devolved power, certainly to the city regions, they have to have a lot more devolved powers, but I would argue devolve powers to the
north of England. There is a population base there of 40 million people, three times the size of Scotland, twice the size of Greater London, but it is only recently we have started to develop a strategic rail policy which serves the north of England.

**Mr Scales:** I think the development means local solutions to local problems by local people and I think that counts for a lot. The good example I quote is Merseyrail, which has gone from misery rail and the worst performing train operating company in the land to right at the top, the best performing train operating company in the land, and that is with more trains than anywhere else outside of London Underground. So there is an object example there of devolving powers locally that has actually worked.

**Professor Beggs:** Why have you never got a knighthood for that, Neil? I am amazed.

**Mr Meeks:** I would like to support that view within London as well. Transport for London has very kindly been cited as an example by my colleagues here, but in fact we have very little direct control over the National Rail Network within London and this is something we would look to the Government to devolve greater powers to the Mayor for involvement in franchise specification or even management of franchises within the suburban area, because again, like my colleagues here, we feel that that local accountability is what really drives forward customer-driven standards.

**Mr Allonby:** Just a quick point related to that, which is that I think we all welcome the Developing a Sustainable Transport Strategy process where the regions are playing a role in prioritisation but the role of rail is not very clear in that. So I think if it was through that process it is a way in which decision-making and prioritisation could work more closely aligned.

**Q58 Chairman:** Do you follow up those priorities?

**Mr Allonby:** It is a very new process which is only just being embedded now, but there are very good structures in place for it and I think we welcome the opportunity to feed into the national transport strategy priorities and planning, but there is a slight issue in that I understand rail isn’t necessarily completely joined –

**Q59 Chairman:** But is it not correct that the Northern Way and the strength of the Northern Way is in the bringing together of RDAs? Is that the widest impact in the Northern Way?

**Professor Beggs:** Yes, and it was because there wasn’t enough focus on trans-regional journey movements in the north of England, especially West/East.

**Mr Allonby:** The RDAs do look to work quite closely together. We are the lead RDA. Advantage West Midlands is the lead RDA for transport. We meet regularly and we input into policy.

**Q60 Chairman:** Yes, but what I am trying to establish is, is it not correct that the strength of the Northern Way in bringing forward proposals which have been discussed for many years and which are now closer to fruition is because of RDA focus and the number of RDAs coming together?

**Mr Allonby:** Yes.

**Professor Beggs:** Correct, and we have big fears about the RDAs being abolished and not enough thought going into what they would be replaced with. It is always useful if a future government would look at this and just pause and carry out some detailed work, and certainly an independent inquiry, to see how we can carry on some of the good work which the RDAs have done.

**Chairman:** Thank you very much.

---

28 October 2009  Mr Roger Allonby, Professor David Beggs, Mr Neil Scales and Mr Richard Meeks

*Witnesses: Mr Anthony Smith, Chief Executive and Mr Guy Dangerfield, Passenger Link Manager, Passenger Focus, Mr Simon Weller, National Organiser and Mr Hugh Bradley, Executive Committee Member for District 2, ASLEF, gave evidence.*

**Q61 Chairman:** Good afternoon, gentlemen. Would you identify yourselves for our records, please?

**Mr Dangerfield:** Guy Dangerfield from Passenger Focus.

**Mr Smith:** Anthony Smith, Chief Executive of Passenger Focus.

**Mr Weller:** Simon Weller. I am the National Organiser for ASLEF, which is the train drivers’ union.

**Mr Bradley:** Hugh Bradley, the Executive Committee Member for ASLEF.

**Mr Smith:** As the independent consumer watchdog for Great Britain’s rail passengers we do a lot of research. Our national passenger survey, which is still the largest piece of published passenger research in the world, reaches 54,000 passengers a year and this year, in addition, we are speaking to 50,000 other passengers about their priorities on the network. Once all that research is boiled down and all the froth is blown off it, it is quite clear that passengers’ key priorities both for improving the current railway and into the future is simply getting more trains on time. That dwarfs all other considerations. It is the key driver of current satisfaction on the railways, and secondly, it is one of the key improvements that passengers identify for the future. In terms of second and third, it is getting
a seat and more frequency is also important. Also, value for money figures in our research a lot as well. Value for money is an interesting thing because it is not simply the price of the ticket. I think when people are answering questions about value for money they are also talking about the punctuality and reliability and the other key things they think are important, so punctuality, more frequency, getting a seat and value for money.

Mr Weller: From our point of view, we would want to see investment in high-speed lines. We would want to see further electrification because we are still near the bottom of the league, other than Albania, I think, when it comes to mileage electrified, but very importantly it is capacity. It is not just seats on trains, we are now beginning to run at the limit of the current railway. We just physically cannot fit any more trains. Even through aggressive timetabling we are at the limit and we would be looking at signalling systems like ERTMS, which allow a greater density of trains to operate on the existing tracks, but we would also be looking for new lines and this is where the high-speed routes would then free up capacity on the existing North/South main lines, and we would also be looking for dedicated freight routes, because a dedicated freight route would again clear capacity on the passenger routes. You are probably aware that freight and passenger doesn’t necessarily mix very well because they run at different speeds and have different requirements.

Q63 Chairman: Do you feel that not a lot of attention is given to the needs of freight?

Mr Weller: I would certainly agree with that. The freight is, I would say, the very poor relative within the rail industry.

Q64 Sir Peter Soulsby: Given that the capacity issues which both Mr Smith and Mr Weller have identified are immediate and certainly short-term, medium-term, they are not going to be solved in their entirety, I really want to press with you the question I have had given is that all the work, whether it has been double the amount of disruption because the commitment they had some discussions with the Secretary of State regarding the deferral because Network Rail for this moment because we had some discussions with the Secretary of State regarding the deferral because Network Rail for this Control Period were deferring a great proportion of their work from the first part of the Control Period to the second part of the Control Period. They were citing, rather foolishly I thought, that this time there would be less disruption, but what they hadn’t pointed out was that there would be double the amount of disruption because the commitment they had given is that all the work, whether it has been deferred would be completed in the second period of the Control Period.

Q65 Sir Peter Soulsby: But is it not the case, Mr Weller, that the overwhelming majority of rail journeys in the UK are not London to Scotland, point to point, they are actually spread across the whole of the UK and actually would not be significantly helped by the sort of line that you favour?

Mr Weller: Certainly the freight would because the main traffic for freight is North/South. Because high-speed sounds very glamorous it has actually some really useful knock-on effects for the rest of the industry. It frees up routes for the suburban, the smaller intercity, Liverpool/Manchester, inter-urban traffic, which there is a great deal of, but we were also talking not just about high-speed rail, we are looking for high-speed dedicated freight rail.

Mr Smith: I think high-speed rail is the wrong name. It should actually be called big rail, or something like that. It is not quite such an attractive name, unfortunately. From our research, I don’t think decreasing journey times is actually one of the key drivers for improvement that current passengers are looking for. They are looking for more space on the railway and more punctual trains. If, as a result of a step change in capacity brought about by a new dedicated rail line, you get high-speed, maybe that will attract a whole new market of people for the railways, but I think with the tinkering with capacity that we have done over the last few years you get to a point where there has now just got to be a big step change. I think the benefit is that by taking high-speed trains off the so-called classic network you free up space for all sorts of suburban and local services. One of the great problems with the West Coast at the moment is that it is absolutely full and bursting and the new Virgin timetable, which is fantastic, three trains an hour to London and Manchester and Birmingham and returns is great, but the Northamptons, the Milton Keynes and lots of other places got squeezed along the way. It is only by building a whole fresh tranche of capacity that you can really release all that, I think actually for the benefit of all passengers along particular corridors.

Mr Weller: I would certainly agree with that. The problem we have got at the moment is that trains are tripping over each other because there just isn’t the physical room for them any more and when one train has a slight delay, for whatever reason, it has a massive knock-on effect to all the others, which then just compounds itself and then the job falls apart.

Q66 Chairman: There are reports that Network Rail’s maintenance cuts could mean 1,500 redundancies. Is that correct according to your information?

Mr Weller: As far as we are aware, yes. Network Rail doesn’t seem to be particularly bothered about maintenance or renewals at the moment because we had some discussions with the Secretary of State regarding the deferral because Network Rail for this Control Period were deferring a great proportion of their work from the first part of the Control Period to the second part of the Control Period. They were citing, rather foolishly I thought, that this time there would be less disruption, but what they hadn’t pointed out was that there would be double the amount of disruption because the commitment they had given is that all the work, whether it has been deferred would be completed in the second period of the Control Period.
deferred to the back end of the control period or not, would be carried out. If they are going to be releasing 1500 maintenance staff, they have got double the amount of work to do in the next part of the Control Period and they are beginning to reduce the number of employees to do it with. There is also the problem we are now looking at. The freight operators are struggling and laying people off. For the first time since the demise of steam we are, as train drivers, seeing live redundancies because they just don’t need the people to do the maintenance contracts, so they are laying drivers off. So when they are doing twice the amount at the back end of the Control Period and then with a reduced number of staff they just won’t have the bodies to be able to carry this out, so it is a concern for us.

Q67 Chairman: Is there a concern about safety? Mr Smith, have you expressed any concern about that? Mr Smith: I clearly would want to see assurances from Network Rail that whatever plans they have got are not in any way going to compromise the excellent safety record that has been built up on the railways over the last few years. Safety is very much a given on the railways and it is interesting in unprompted research that it is never mentioned by passengers as a concern because people take it for granted, as they should. I think that is a prize that is really worth holding onto.

Q68 Mr Leech: We have been told previously that there have been shortages of staff, people who are trained to do maintenance work. Is there a real danger that if people are being laid off, no more people will be being up-skilled to do these kinds of jobs in the future? Mr Weller: There will be a loss of skills and it is not just like you can get people to come on the building site and do general labouring. This is an extremely skilled workplace and if people are being laid off, you are quite correct, there won’t be people coming in to replace them with the skills.

Q69 Mr Martlew: Mr Smith, I heard you say what passengers want, but I go back to the campaign for the upgrade of the West Coast Main Line. When you talked to passengers there, they said, “Well, we don’t want a faster line, we just want more punctuality.” Why can you not have both? I think sometimes your passengers want, but I go back to the campaign for a division in the House.

Mr Smith: I think that’s right, there won’t have the bodies to be able to carry this out, so it is a concern for us.

Q70 Mr Martlew: I don’t disagree with St Pancras, it is beautiful, but High Speed One, of course, was the most expensive high-speed line anywhere in the world. If we have to build it on that sort of model or that sort of efficiency, then we are not going to go very far, are we? We need to get efficiency down to the sort of European cost before we really start to build High Speed 2?

Mr Smith: I think St Pancras is an interesting example, though, because if you look at St Pancras on a day to day basis it has got a lot of platforms that aren’t used very much by the international services. The East Midland services are crammed into one corner. The Kent domestic passengers are going to be crammed into another corner. I think any debate about high-speed rail has got to keep in mind this has got to benefit as many people as possible. Chairman: I suspend the Committee. Would you wait, gentlemen, for 10 minutes and if there is a further vote I will allow more time. Thank you.

The Committee suspended from 3.58 pm to 4.08 pm for a division in the House.

Q71 Chairman: How can we improve integration between rail transport and other forms of transport? Are there any proposals or ideas that anyone has?

Mr Smith: I think it is interesting when you look at how people get to the railway station that still the majority of passengers walk to a railway station, which is a great message for the railways and a very positive advert. However, outside London and the South East the most common form of access after walking is the car, with the bus trailing a rather poor third. I think there is something to be gained there in terms of thinking strategically about how people get to the railway station after that. I think there is something to be gained there in terms of thinking strategically about how people get to the railway station after that.
to individual train stations. More car park space will be needed, almost undoubtedly, but there is a finite amount you can build. We have been very strong advocates and done a lot of work on station travel plans, a very simple method of just tracking how people currently get to individual stations, and then thinking about how you might want to change that mix over time so that more people can drive, more people can use bikes, more people can walk if they want, and I think adopting that approach station by station is one of the best practical, low-cost ways the industry can encourage people to use other forms of transport and the railways.

Q72 Chairman: What do passengers say about the need for parking at stations?
Mr Dangerfield: I think it does vary station by station. Many stations, particularly outside the M25, are serving big catchment areas where the car is the only real practical way to get there for many people and they clearly want more car parks. They want more capacity. The priority is more parking spaces at those stations. Price is a key issue on some routes where prices have been driven up substantially in recent years, but it is the availability of spaces which appears to be the key issue.

Mr Smith: I think from the research we have done, which Mr Dangerfield worked on, the lack of car parking capacity is forcing passengers to just undertake longer car journeys because often the fear of the car park being full is sufficient to actually make people think, “Oh, I’ll just drive the whole way,” and I think the rail industry has got a job to do just to make the knowledge about how full car parks are a bit more intelligent, a bit like shopping centres, so that you could look on the Internet and see how many car park spaces there are, rather than having to take this risk.

Q73 Chairman: What would you say to the proposal that increasing car parking at stations encourages people to use the car rather than to walk?
Mr Dangerfield: That is an argument. However, the research we did in this area suggests that a lot of people faced with a full car park will simply get a member of their household to drive them to the station and drive back again in the evening to pick them up, so in fact it doesn’t really help with either traffic reduction or carbon fuel reductions.

Mr Weller: When we talk about integration I am not detracting from the problems passengers face, but it is also that we need to integrate with the way freight is distributed. Because we have a predominantly Victorian railway the loading gauge, which is the actual room for the size of the wagons, is fairly restrictive. We run mainly to what is known as W9 gauge. There is only one route North/South that runs to the W10 gauge, which allowed the deep 9’6” containers. Also, we will be looking at integrating runs to the W10 gauge, which allowed the deep 9’6” containers. Also, we will be looking at integrating

Q74 Chairman: What do you think about the existing plans for strategic freight networks? Have they developed enough? I think it is proposals more than plans.
Mr Weller: I had a rather blank look when you said a strategic freight network because there is no strategy at the moment to our freight network, in fact the freight network is in danger of just collapsing. We have a lot of open access with guns-for-hire type freight operators and they are just poaching the work off each other. There is no real mechanism for attracting freight onto rail and all they are doing is just simply undercutting each other.

Q75 Sir Peter Soulsby: The Government announced its commitment to electrification on the Great Western. How would you rate the priority for electrification for the Midland Main Line and indeed some of the other bits that are missing in the network?
Mr Smith: I think you are seeing the Great Western very much as a first step. Electrification, I think, is one of those things which is a good for everybody. You end up with faster rail services because you get quicker acceleration and deceleration. You get more seats because you have got more space on the trains because you are not lugging huge engines around. You can run diversionary routes during engineering works and all the diesel trains that are then not needed can be used elsewhere in the country. It is a very, very positive development and long, long overdue. I think it benefits every group of passengers, so I hope the Great Western is the first and very much hope that the positive business case that the Midland Main Line showed as well is also followed up because the Midland Main Line is a route which I think traditionally has been very under-invested in. The journey times for the East Midlands are chronically slow and I am sure that suppresses the rail market and it is about time the East Midlands got its fair share in that respect.
Mr Weller: The Midland Main Line is electrified up to Bedford, so it is only a short step up to Sheffield and Darlington. We are focused on 25,000 overhead but there are big chunks of the Southern Region and bits of the Midland region that have third rail and there are some odd little bits in amongst the third rail that are still disused, which causes a problem for just rolling stock because obviously electric trains cannot travel where there is no third rail. An example of that is Hastings to Ashford, which is a sort of little island in the middle of an electrified railway. So there would need to be a sort of examination of certainly the third rail areas.

Q76 Sir Peter Soulsby: Would you agree with me that it would be a considerable advantage if a decision about the Midland Main Line in particular was made before a further generation of rolling stock was put on order?

Mr Weller: It would be utterly stupid to order rolling stock for a diesel railway and then electrify it! It would be better actually to say, “We will electrify it and this will be the end date and we expect you then to buy the rolling stock to fit the railway.” Or, if we take a more modular approach to rolling stock in that we have the carriages and the driving van trailers, the unpowered driving cars, you have a diesel locomotive that then, when it is electrified, can be easily converted to an electric locomotive.

Mr Bradley: On electrification we would be looking for freight electric locos as well to enhance the system and again, going back to an integrated transport system, a positive way of thinking strategy for the freight industry as well that this would be a way forward, because we do find that there are small links there that could be electrified and would be more beneficial up and down the country. The other things as well, just talking about the carriages, the units and that sort of thing, we have concerns over the ROSCOs who leased these at exorbitant prices. Again, this is the whole thing, it is not joined up thinking which could benefit the railway.

Chairman: Thank you very much, gentlemen, for coming and answering our questions.

Witnesses: Mr Bill Emery, Chief Executive and Mr John Thomas, Director, Railway Markets and Economics and Mr Michael Lee, Director, Railway Planning and Performance, Office of Rail Regulation, gave evidence.

Q77 Chairman: Good afternoon. Could our witnesses identify themselves, please, for our records?

Mr Emery: I am Bill Emery. I am the Chief Executive of the Office of Rail Regulation and I am joined by my two colleagues, John Thomas, who is the ORR’s Director of Railway Markets and Economics, and Michael Lee, who is ORR’s Director of Railway Planning and Performance.

Q78 Chairman: Thank you. You have set Network Rail some very challenging targets to increase their efficiency and it is reported that that could be leading to a large number of redundancies, perhaps 1,500 redundancies, and Network Rail have already said that they are going to postpone a number of improvements and renewals they were planning, maintenance work that they were planning. Does that cause you any concerns in relation to safety?

Mr Emery: No. We are very conscious and safety is our paramount concern and our inspection teams are checking that Network Rail are doing all that they need to maintain the railway in a safe condition and carry out the work safely. Our work, which underpinned the determination last year, identified that the railways in Britain were very expensive compared to their peers and we looked at that very carefully against Europe and elsewhere and concluded at the end of a lengthy debate that the 21% improvement in efficiency challenge that we set Network Rail was appropriate and that Network Rail were capable of doing that to address the gap or part of the gap. We actually provided an assumption that this gap would be addressed to the upper quarter of our European peers in a period of 10 years. We think it is entirely appropriate for passengers, for freight customers and taxpayers to expect Network Rail to improve its efficiency. That will mean it has to change the way it works. Inevitably that will mean that there will be changes in the way of work practices, but that is inevitable as it tries to address the fact that this is an inefficient outfit at the moment relative to its peers and it needs to improve.

Q79 Chairman: Do you have any systems in place to ensure that Network Rail does not improve its efficiency at the expense of safety when it could improve its efficiency by other means?

Mr Emery: Clearly there is a huge wealth of information collected on safety performance, both leading and lagging indicators, and of course the safety systems, management systems that the companies have to operate, we oversee that as well. Our inspection processes look at these things and target areas where there are potential risks around, so it is quite sophisticated. We have about 60% of our resources as the safety and economic regulator of Britain’s railways go in to overseeing the safety by NR and the other train operating companies. There is no evidence that this is a particular problem and of course our determination has set Network Rail some challenging requirements that mean the only option is that the railways can improve performance, improve safety and deliver on the agenda for improving capacity as well.

Q80 Mr Hollobone: The Office of Rail Regulation is the independent safety and economic regulator of Britain’s railways and you carry out a periodic review of the main line railway to set Network Rail’s output and funding. After the Government sets out
what it wants from the railways and how much money is available you determine what can be achieved with that money and the implications for Network Rail’s outputs and funding and at the present time you have asked Network Rail to cut its operating and maintenance costs by 21%? Mr Emery: Yes.

Q81 Mr Hollobone: It may be a slightly unfair question and the wrong way round, but we all know there is going to be a General Election next year. We know there is going to be a new Government, whether it is Labour or Conservative, or something else. Under both the main political parties transport spending is not protected in forward budget projections and it is very likely that cuts of 10% plus will be demanded of the transport system in this country, which will include the railways. You have argued as a body that there should be more scope for involving passengers and freight users and their representatives in planning the industry. Given that, the new Secretary of State invites you into his or her office and says, “Right, I want from you a key priority for railway investment that really must go ahead and I want from you a scheme that we are going to have to cut.” What do you tell him or her? Mr Emery: The way Parliament has set up the regulatory regime in railways means that the Government makes a binding commitment on the public funds that are available to the railways for a set of outputs as part and parcel of an informed debate and discussion. That is what happened when the Government announced its strategy and announced HLOS and SoFa in 2007. Roll on a year to the end of the Periodic Review and the settlement the Government made actually was affordable so that our determination delivered on the outputs within the public funding commitment. In essence, the Government hasn’t got an automatic easy way through to requiring or removing the commitment it has made to finance the railway to meet the outputs it set out in 2007. Clearly, within the approach there are opportunities to change where priorities are different and if the strategy requiring Network Rail to develop works consistent with a procurement of new carriages and longer trains was delayed then there would be a case to delay some of the works to the infrastructure to enable those trains to go. So at the present time the discussion, I think, is that we believe the imperative that is set up is that to achieve the best for our railways we want to give the railways medium term stability and give them a five year settlement to get them to go and deliver improved performance, improved safety and dealing with the levels of crowding and capacity issues which have arisen in recent years. So we would be arguing quite strongly, to answer your question, directly to the Secretary of State or any new Government that in fact there is a really strong compelling case to look elsewhere and not look at the main line railway.

Q82 Mr Hollobone: Okay. Given a new Chairman, a new Secretary of State for Transport, you have just given that answer, which is basically that you can’t cut it and she then comes back and says, “Look, I’m sorry, rightly or wrongly, I’ve got to cut this by 10%.” What help can you give her in identifying the suitable projects?

Mr Emery: Clearly there is evidence that the Secretary of State would have on the priorities that have been set in some of the enhancement projects and delaying those. That seems to me to be the areas where if there was a change in the priorities and a real willingness to delay some of the flow of improvements then there would be a real need for Network Rail and other parts of the railway industry and the Regulator to look quite carefully at what the implications of what that would be to all the work that flows from that particular stream of investments, recognising, of course, that these works are progressing and that that is a short-term win. The finance in most enhancements is on a very long-term basis through the regulatory asset base, which means that the savings of delaying these things would not lead to a huge amount of savings to the public purse.

Mr Hollobone: Mr Emery, that is a very Sir Humphrey kind of answer, is it not? As a new Secretary of State what he or she would actually need is rather more help in identifying projects which offer the least value for money. Now, it is no secret that this country is in serious financial trouble and it is no secret that projections of budget cuts on transport schemes are of 10% or more. Now, given your professional role, surely you have actually worked out where the axe could potentially fall, so can I press you again in terms of which projects offer the least value for money in their return on the railway that you could offer up to the Secretary of State for cuts?

Q83 Chairman: Are you willing to name any projects?

Mr Emery: I don’t think we are going to name anything. Clearly it depends a little bit on what the Government decides to do on its proposals for the increases in capacity and what timetable it wants for things like Thameslink, train lengthening and what it is doing with its rolling stock strategy. In fact, as part and parcel of the decisions which the Government took in 2007 on the HLOS they have within the DfT all the information they would need on the basis of the costs and benefits because that was part and parcel of the information that was provided for them. So in a sense the Secretary of State probably would not need the information from the Regulator because he has got it in his or her own department. But the real problem is that there is a trade-off here. You are not going to get a huge amount of savings for the Government by delaying investment and if those things come back in there will be wasted money because delaying projects which are already committed is a guaranteed recipe for wasting a lot of money.

Chairman: I do not think you are going to get beyond those three possibilities.

Q84 Mr Martlew: I have got a feeling we have created a monster with the rail regulator. What basically I thought you would be saying is if there are going to be cuts then it is up to the Secretary of State...
and he will then say, “That is what we’re going to do,” and you will continue to regulate the railway, not to argue with the Secretary of State about where these cuts should or should not happen. I understand what you are saying about the need for efficiencies in Network Rail and I am not disagreeing with you. I understand the need for regulation, but what I do not understand is that we have a quango which is going to go out and argue with any Secretary of State about where the priorities should be on the railway and that confuses me and worries me.

**Mr Emery:** I think it is very clear that the regulator does not argue with the Secretary of State or the Government in Scotland on the priorities. What he says is he wants to make sure that the Secretary of State is fully informed of all the ramifications and what the implications of these things are so that they can take a properly informed decision. That is our role. At the end of the day there isn’t an easy answer. Things are going to have to be sacrificed and there will be choices that will have to be taken. The information is there. This has been a very transparent process to get to the HLOS and get through that. There is clearly within our determination, within Network Rail’s delivery plan, clear information as to where projects are and in a sense if the Secretary of State changed the requirements for the output profiles of works that had not been started, then they would be looking at those areas, that information. What we would be saying is that there is a trade-off here and articulate that.

**Q85 Mr Martlew:** To be honest, Mr Emery, I was actually surprised that you put in a paper on priorities because I thought that would have been the job of the Secretary of State and not yourself. So what you are saying is that the Secretary of State decides to take decisions. We will then have a very transparent process where you tell him that this is suicidal or it is not the right decision to take. That doesn’t seem the way forward in a democracy, to be honest.

**Mr Emery:** I think the way the whole process and in fact all the discussions and lead up to the 2007 high level outputs—there was a tremendous amount of dialogue between the Department and the regulators in the industry to tease out what was the information base and what were the likely costs of various options but leave the decision with the Secretary of State.

**Q86 Mr Martlew:** That was an easy option because we were talking about growth, were we not? If we were talking about severe cuts, and hopefully we are not and I do not disagree with you, but what I am really saying is that I question the role of the rail regulator having priorities for future investment and I question the way that if a Secretary of State takes a decision to cut then he is going to get into an argument with yourselves?

**Mr Emery:** I am not saying that we are going to get an argument, I am saying that we would want to make sure the Secretary of State understood the implications. If they took it, then there is a process.

**Q87 Mr Martlew:** Not only the Secretary of State, everybody else as well?

**Mr Emery:** Yes. Yes.

**Q88 Mr Martlew:** Which is the difference between giving the Secretary of State your advice and saying publicly, “That’s what we think is going to happen, Secretary of State,” is it not?

**Mr Emery:** Well, I think everything that is driven in the regulatory circles in years has been to make the process transparent, open and where we are, an independent regulator, that my board would want to make sure that the views were set out.

**Q89 Sir Peter Soulsby:** Can I follow that point about the transparency and the openness of the process and just ask you if you can be a bit more specific about what you think can be done to make the process better, to make it more open and to make it more transparent?

**Mr Emery:** Certainly we have, and on the completion of the review last year we commissioned an independent study of the review that reported to us back in June, the end of June. We have consulted on that report. We are about to publish a letter tomorrow on how we are taking forward the recommendations in that, and there was quite a number of recommendations. Quite a lot of it was about picking up lessons from the previous review, which lots of third parties were rather late coming to, the early part in the lead up to the HLOS. So we have encouraged the industry through its planning ahead initiative, with Network Rail, the train operators, the freight operators, to develop the industry information base, to embark on a lot of consultation widely with all the industry stakeholders to develop a prospectus for the mainline railway to really inform a discussion well before the plans that we should support the HLOS would need to be developed. So that is one of the areas where we are wanting to improve matters.

**Q90 Sir Peter Soulsby:** The English RDAs—and you commented on the process—said that it provided only limited opportunities for the stakeholders to identify and suggest investments that would benefit the regional economies. First of all, do you think that is an accurate description of how it was, and just to follow on from your previous answer, how can that specific be addressed?

**Mr Emery:** That is one of the reasons why we are publishing the process in the next couple of days and we are encouraging Network Rail and the rail industry to do this in a very open way. Of course, the route utilisation strategies that Network Rail develop are a very consultative process and are far more developed than they were in the lead up to the 2006–07 plans. So there are a lot of opportunities
and we will be wanting to encourage the RDAs, the PTEs, other interested parties to get really involved in this process to make sure that their views are looked at by the industry, and we can look at them and everybody can look at them well before there is any decision on the output route specification and decisions on the fundings for the railways from 2014–19 taken, that all those things can be articulated. That will be a significant enhancement to what happened for the 2008 review.

Q91 Sir Peter Soulsby: Following on from that, do you think that there is adequate transparency about the criteria that have been used and will be used in future for the decision making at the end of the process?

Mr Emery: I think there is reasonable clarity as to the types of information that would need to demonstrate a clear economic case for future investment in the railways and the kind of criteria that in a sense the Department for Transport needs to justify investments on transport infrastructure, is really well-known. So that is pretty clear. I think the issues are always down into the kind of softer areas of why there are benefits to the conglomeration around the railways and the forecasts of the net impact of these things, which are always subject to some form of judgment.

Q92 Chairman: How secure are these billions of pounds allocated to Network Rail in this Control Period?

Mr Emery: As I said, the 2005 Act meant that it was a binding commitment from the Government to support the railways to deliver the high level output stations.

Q93 Chairman: It is absolutely binding, not subject to any kind of review?

Mr Emery: It is not subject to any kind of review. To change it materially would require primary legislation unless there was agreement between the parties.

Q94 Chairman: You said before that you would involve passenger freight groups and other interests in the review process in future. What are you actually doing to engage them?

Mr Emery: For our purpose, clearly we have set out in our strategy that the interests of passengers both current and future passengers and freight customers are paramount and central to the decisions. We are encouraging Network Rail and the train operators in the work that they are doing to inform their plans for next year, to actively debate these things with their customers. We will be wanting to make sure that we have very close links with the two passenger bodies like Passenger Focus and London TravelWatch to make sure that we understand what the information they are getting back from passengers really means and we are, of course, in active dialogue with a lot of other passenger bodies as well. So if we think there is a gap, then we will need to address that towards the middle part of the next review.

Q95 Chairman: Have you got any new processes to ensure that their views are brought forward at the right time?

Mr Emery: We have set down a few ideas for the industry and the process, I suppose, is to build on the reutilisation strategies and expect the industry to do a lot of this and demonstrate how its plans and its proposals that are coming forward do reflect the views of passengers.

Mr Thomas: I think there are probably two things to add to that. One is that the Department for Transport has already established a high level output specification to the group and one of the main differences from last time is that it does not include Passenger Focus. I know you have just heard from Anthony Smith, so in the development of the next high level output specification you will get that and the Department will get that direct input from Passenger Focus. The other thing—and this is very early days, we are just doing some research at the moment, but in terms of our own internal processes as we embark on the next periodic review we are considering having what we call a consumer panel—some regulators already have consumer panels—to test our processes, policies and decisions against the consumer needs and priorities.

Q96 Chairman: Are there any other changes you are planning for the next review process?

Mr Emery: There are. Clearly one of the biggest issues around review is the scope for improving efficiency within Network Rail and the railway industry, so we are encouraging Network Rail to embark on a lot more benchmarking within its own company. We are embarking on more consistent benchmarking across all the other railways in the world and also process benchmarking. So there is quite a substantial amount of work to try to tease out the gap between the performance of the railways in this country and elsewhere, and we want to use that as a kind of continuous spur within this process so that it is actually informing all the kinds of decisions in the lead up to the next decision. So that is the other really main change we are making to it. The independent review did comment that the actual process had worked remarkably well, and that was when they had talked to lots of stakeholders. So this is some small evolution in the process on a couple of points about better representation, about getting the train operators working with Network Rail earlier in the process, which of course they are doing with the planning ahead exercise, and really focusing on the benchmarking information to try and enable that to be more consensus-like towards the end of this review. It probably will not be because we will always, as a regulator, want to push Network Rail to deliver more for passengers and more for the taxpayer because that is our role.

Q97 Chairman: Do you think that your office’s role should change in any way?

Mr Emery: I don’t know. There is clearly a possibility that our office could change a little bit,
but we have reorganised to deliver our strategy and to clearly make sure that we are focusing on holding Network Rail and the industry to account for delivery on what is the CP4 package and promote, where we can, the industry getting better information to inform the next decision. So we have just reorganised our office, reducing from 360 to 310 people and giving us a much clearer focus on these matters. If the Government decides to give us different roles, then we would obviously have to deal with those if and when it came.

Q98 Chairman: Do you think you have sufficient powers to do your job effectively?

Mr Emery: We have sufficient powers to do the job.

Chairman: Thank you very much.
Wednesday 11 November 2009

Members present
Mrs Louise Ellman, in the Chair
Mr David Clelland
Mr Philip Hollobone
Mr John Leech
Mr Eric Martlew
Ms Angela C. Smith
Sir Peter Soulsby
Graham Stringer

Witnesses: Mr Richard Brown, Chief Executive, Eurostar, Dr Andreas Hamprecht, Head of International Business France, Benelux, UK, Deutsche Bahn and Mr Jim Steer, Director, Greengauge 21, gave evidence.

Chairman: Good afternoon, gentlemen, and welcome to the Transport Select Committee. We welcome all of you here today, perhaps a special welcome for Dr Hamprecht. I do not think we have had the German National Railways coming to our Committee before and we thank you very much for coming, together with the other witnesses. Do Members have any interests to declare? Sir Peter?

Sir Peter Soulsby: I am a Member of Unite.

Ms Smith: I am a Member of GMB and Unison.

Mr Martlew: I am a Member of GMB and Unite.

Q99 Chairman: I am a Member of Unite. Could our witnesses identify themselves, please, starting at the end there?

Mr Brown: Yes, Chairman. I am Richard Brown, Chief Executive of Eurostar.

Mr Steer: I am Jim Steer, Director of Greengauge 21.

Dr Hamprecht: I am Andreas Hamprecht and I am responsible for the international activities of Deutsche Bahn.

Q100 Chairman: Thank you very much. Would you say that the main argument for high-speed rail in Britain is to deal with future capacity constraints? Who would like to start on that? Mr Steer?

Mr Steer: If I may, Chairman, thank you. I think I would. I think capacity is certainly a fundamental issue, transport capacity, and I think it is what has triggered so far the Government’s interest and the Opposition Party’s interest, but I think it is true to say as well there are rather wider questions which high-speed rail addresses beyond simply adding capacity and I would point to economic growth and regeneration and its environmental credentials.

Mr Brown: You would not build a high-speed network unless you needed additional rail capacity, so yes, that is the principal driver, but I think actually equally important is the wider economic benefits in terms of bringing the main cities and regions of Britain closer together. If you look at the transport alternatives, high-speed rail is the only way of actually improving accessibility between the regions. If you build more motorways, they will be the same speed as now, possibly even slower in the future to reduce fuel consumption. We already have air services between the main cities, so the only way to actually speed up and improve accessibility and reduce journey times is high-speed rail. So I think the economic benefits are really very, very important.

Q102 Chairman: Dr Hamprecht, could you tell us what the impact of high-speed rail has been in France and in Germany on capacity issues, both on the high-speed network and also on commuters’ networks?

Dr Hamprecht: We saw a very dramatic change of the traffic flows in France when there was set up a high-speed network, starting some 40 years ago. Today we have hardly any domestic flights left in France and we have a similar development in Germany, although the structure in Germany is a bit different, we have more network, while France is more a star infrastructure so everything is pointing from it to Paris, but in Germany we are incrementally upgrading the existing network by adding capacity and also by adding parts of the new high-speed infrastructure. To give a recent example, between Nuremberg and Munich we set up a new high-speed line and between Cologne and Frankfurt, which was also due to excessive constraints on the conventional lines.

Q103 Chairman: Has capacity been accommodated on all the network? Has it helped the lines that have not been made high-speed?

Dr Hamprecht: Yes, especially in the network we have seen that we are constrained by the infrastructure capacity, so some 10 years ago we were transporting goods to an amount of 75 billion tonne kilometres per year and with that capacity given by the infrastructure we could not grow any further in the freight business, so then we started to set up new passenger high-speed lines, which freed capacity on conventional lines, which can today be used by
freight traffic. So we were able to grow about a further 50% in freight and also grow in passenger services at the same time.

Q104 Chairman: Was that anticipated at the time the new lines were put into practice, when high-speed rail was being planned? Did you expect that to happen?

Dr Hamprecht: Indeed, yes. The high-speed infrastructure is such an enormous investment that across all levels which can be pulled, to contribute to the development and to its financing, have to be pulled, and so very careful assessments had been done before, seeing that the inner-circle benefits like providing high-speed infrastructure and reducing travel times between Frankfurt and Cologne, but also seeing it in a wider range, how would the total network benefit from that, what could be simulated, quite sophisticated, and then at a third level what was already mentioned by Jim Steer is of course some economic benefits for the economy as a whole like having a stimulus on employment, and governmental investments were also benefits that we have seen.

Q105 Chairman: Thank you. Mr Steer, in your evidence you say that we need a long-term plan for high-speed rail to avoid what you call “wasteful investment”. Can you tell us what you mean by “wasteful investment”?

Mr Steer: The current mode of investment in the rail network is to deal with a network which is in effect getting progressively full across the piece and to try to fix the problems as they are foreseen. If we look at something like the East Coast Main Line, for which there is no formally agreed long-term investment strategy, but anticipate the consequences of continuing growth pressure, we are going to have to make a whole series of investments in that route. If we know that in advance we are actually going to build a high-speed line that can provide some relief to that route, we could avoid that investment. The costs of that are not formally known beyond the current Control Period, Chair, you will be familiar with, up to 2014, but my guess would be that we are talking about potentially billions of pounds in the 5, 10 and 15 year periods beyond that if we are to try to accommodate the growth in demand for both passengers and, as Andreas has pointed out from Germany, for example, freight in that kind of corridor.

Q106 Ms Smith: I just want to ask Dr Hamprecht about some of the comments you made in the memorandum you submitted to the Committee. You did say that reduced external costs of transport could be achieved through a modal shift from road and air towards rail. Have you got any research to back that claim? Have you got figures, for instance, which could back that claim?

Dr Hamprecht: Yes, there is quite a lot of research on that subject showing that there are actually three fields of external effects if the rail infrastructure is set up. One is the congestion costs which result from too little capacity on roads. Then we have pollution costs and we have accident costs, which are considered. Rail as a transport mode is the safest mode, so if you count the accidents per kilometre which are appearing then compared with road traffic they are much lower figures, which consequently lead to lower external costs in terms of health treatment, and so on.

Q107 Ms Smith: Have you actually got statistics which could be made available to the Committee to demonstrate some of the points you have just made?

Dr Hamprecht: Yes, we could collect some good examples for that and submit that to the Committee.1 This, in an economic evaluation of an infrastructure project, is really a significant figure, if you count that cost, and there is substantial research on that which we could quantify.

Q108 Ms Smith: Thank you very much. You talked as well about the high benefits of increased connectivity and of the mobility of people. Can you perhaps explain a little bit more about how high-speed rail has actually improved mobility, in terms of workers and so on? Can you describe the work?

Dr Hamprecht: Yes, sure. We have constantly growing transport figures, at least in Germany but I assume the whole of Europe, although the population figures are decreasing, so the specific mobility demand is growing and one of the drivers for that is the good infrastructure it provides. Good infrastructure actually allows you to travel more easily from A to B and to start more up to date or new concepts of life and work locations. We have a lot of commuters, for instance, in Limberg, which is some 30, 40 kilometres outside of Frankfurt, but it is connected by a high-speed line and a high-speed stop, so a lot of commuters working in Frankfurt, which is quite a dense city, are spending their spare time outside in an area where there is a lot of space and of course much cheaper house prices.

Q109 Ms Smith: You have also made a very interesting comment about the long-term attractiveness of high-speed rail infrastructure in Britain and that the need for this is the international equalisation of regulations, particularly in relation to safety and compatibility of the infrastructure. Perhaps you could say a little bit more about this, because of course it would make sense, I think, for the UK to have a system which is absolutely compatible with the European system.

Dr Hamprecht: Yes, we would very much encourage you to do so. What we are currently experiencing is that when we are running cross-border high-speed traffic—and Richard can really subscribe to that—we have trains which are equipped with up to seven different signalling systems and power supply systems because in Belgium we have a different power supply than in Germany, and then in France once again it is a different one. So here there is a lot of harmonisation going on with the joint European control system, the ERTMS (European Rail Traffic Management System). It is a target set up by the

1 Studies on this subject can be found at http://www.uic.org/html/environnement/cd—external/pages/introduction.html
European Commission and step by step applied by the European high-speed railways, so once we have a chance to set up the infrastructure I would really advise to make that compatible to the European standard, if possible.

**Mr Brown:** If I may just comment briefly, I think we should give ourselves credit in the UK that High Speed 1 is already designed to Continental standards. Any European train can come onto High Speed 1. The issue is right across Europe. Our problem at Eurostar is that our trains cannot go to Germany or to Holland because of the different signalling and power supply systems that the handbook sets out.²

**Q110 Ms Smith:** Do both of you see the European Union as the key means of delivering the kind of harmonisation you are talking about here?

**Mr Brown:** I think the European Union is playing its role via the technical standards for interoperability process—sorry, it is a bit of a mouthful—which is designed to try to get similar standards for rolling stock, for signalling and for infrastructure across Europe. It is actually the infrastructure operators or owners who need to make the investments to open it up as much as the EU. It is the railways that have got to do the work. I think the EU is doing its bit.

**Q111 Ms Smith:** But in terms of regulation it will be the EU that would have to lead on the regulation if necessary to perhaps force the operators’ hands?

**Mr Brown:** Again, if I may, I think the EU has put in place a requirement for all European countries to have rail regulation. Again, actually, the UK has got these systems in place. We have had a rail regulator for many years and we have had safety regulation of the railways in the way that is now anticipated in the rest of Europe, and if you were to talk to the ORR they would say they are working closely with their counterparts, for instance in France and Belgium, sharing best practice already. So I think the EU has done its bit.

**Dr Hamprecht:** What I fully confirm is that the HS1 is technically built to a European standard so there are just some specifics which prevent European standardised trains from coming to Great Britain. One is, for example, the safety regulations in the Channel Tunnel, which are currently under revision. That is one of the specifics, but in general the interoperable trains from France and Germany could today run all the way to London and if there is an HS2 in the future there will be interesting travel times from, let us say, Manchester to Paris, Manchester to Brussels, so it would make sense from an international perspective to try and set up HS2 with the same or similar standard.

**Chairman:** Thank you.

**Q113 Mr Clelland:** We are constantly being told during this inquiry and we have heard again today that there are great economic and other advantages to be had from high-speed rail for the cities and regions it serves and I just wondered if Dr Hamprecht could tell us about the experience in Germany. He has indicated that yes, there are advantages, but are the advantages greater or less than anticipated when this process began?

**Dr Hamprecht:** There is an incentivisation in funding these types of projects to overestimate the benefits and to underestimate the costs. That is naturally because it is always really difficult to get the funding for such a huge investment. So yes, we have seen overestimations in passenger forecasts and we have also seen underestimations of costs, but we have now 40 years’ experience of building high-speed rail, so there is each kind of project you could find an example for which would allow for good benchmarking to set up a structure how to best properly avoid such problems.

**Q114 Mr Clelland:** So overall the investment has been worthwhile? That is the lesson we take from that?

**Dr Hamprecht:** I would say definitely, yes.

**Q115 Mr Clelland:** On the other hand, then, if there are great advantages to be had by those cities and regions which high-speed rail serves, is the corollary the case, that those cities which are not served by high-speed rail and those regions which are not served by high-speed rail are at a disadvantage or become disadvantaged as a result?

**Dr Hamprecht:** We have these debates when a new high-speed line is set up, where to stop, and you have to find a compromise between the travel time and the frequency of stops. Actually the high-speed line brings additional traffic and brings additional industry or at least businesses to the cities which are served. I do not see the opposite. I do not see that when a train does not stop it does automatically decrease the attractiveness of that city. It is just that they do not get the additional access to the high-speed network.

**Q116 Mr Clelland:** That seems rather curious. So businesses are not attracted to develop in areas which are served by high-speed rail rather than those areas which are not?

**Dr Hamprecht:** Well, that is a very extreme formulation. What we can observe, for instance if you take the city of Lille, Lille is geographically very interestingly positioned and Eurostar is serving it, and once they were connected to the high-speed network we have lots of especially French international companies putting their headquarters there because it is easier to access than Paris, it is not that expensive and it does really boost Lille without any damage to any other city. I do not think Paris is really suffering from Lille, it is just an additional, more effective location there.
Q117 Mr Martlew: Mr Steer, you drew the comparison of the East Coast Main Line as an upgrade or a new line. If we go back to the West Coast Main Line, of course probably 50% of the money spent on that was for renewal and not for the upgrade. That would probably be the case on the East Coast Main Line, so you cannot let the East Coast Main Line rot while you build a new line. The other issue is that for many years we were discussing on a mixture of the two, is that not the case? You are building a new high-speed line perhaps to Birmingham and then on the classic lines up to Glasgow. So is it not a bit disingenuous to say, “Well, we’ll just leave the East Coast Main Line and build a new one beside it,” because that will not happen, will it? You will have to do them both up. You have to build a new one and do the other one up?

Mr Steer: Thank you for the question and the chance to clarify that. I am certainly not advocating that we just abandon expenditure on a classic route such as the East Coast Main Line. My point in the written submission was to indicate that there are potential savings by taking a long-term view, which I think is often overlooked. There are many arguments as to why we should not have a long-term strategy, flexibility and how difficult it is to plan for the future. I wish to draw to the Committee’s attention one of the key advantages of having a long-term plan in place, even with some uncertainty about the exact timing and exact funding, because it enables you to look at the enhancement components of expenditure, and I accept entirely the distinction between that and renewal expenditure, which will no doubt have to continue. We are not abandoning the classic rail lines by arguing the case of high-speed rail. So I think there is genuinely the chance to get some efficiencies that will not be apparent unless there is a long-term plan, but I would accept the point and I think the renewals component for the West Coast was even higher than 50%, in my mind it is around 70%, and sometimes I think there is a bit of a false assumption, “Well, if only . . .” I have heard many commentators say, “If only we had thought about this 10, 15 years ago we could have saved all that money.” You are absolutely right. If you want the West Coast Main Line you have to keep it going, but you do not need to make the additional expenditure on enhancement. I am now inviting you to think forward again to another route, the East Coast.

Q118 Mr Martlew: You would accept that for many years, especially if we are talking about going as far as Glasgow, the lines will be part the new high-speed line and part the classic line? I was reading. I think, in the FT today that the new trains which will run on the high-speed will actually be slower on the classic line because they will not have the tilt mechanism. Have you any comment to make on that?

Mr Steer: I think this is a critical choice and in Greengauge’s report in September we pointed out that this is a key issue which has to be faced. We have a proposition that HS2 is in the West Coast corridor. The West Coast Main Line is the world’s busiest railway. It is also the only busy successful tilting railway, I would suggest, of its nature in the world. There are a lot of questions about it, going back to the APT and all the rest of it, but we now have a product which works and works very reliably, and of course it brings a journey time advantage. So the stark choice is really this, because you are right, one would probably have for a long period of time a mix of operation on new high-speed infrastructure and a continuation on the existing and the choice is between providing for a train type that can exploit both of those, which would mean running fast on the high-speed line, 300 km an hour, or whatever, and being able to tilt on an existing railway, or using a train which cannot have the tilt capability on an existing line. I think the article in the Financial Times today was suggesting—I do not know what the evidence was—that maybe HS2 was concluding, “No, we don’t want a tilting train on our high-speed lines.”

Q119 Mr Martlew: The final question is somewhat in line with what Mr Clelland was saying. I can remember the Network Rail one stops at Preston and then stops at Glasgow. I actually think that Greengauge 21 does the same. I represent a city which is somewhere in between and there is a great fear that not only if the train does not stop in Cumbria—and you have got to have got to have 90 miles of track through Cumbria and if it is not stopping it will be a bit difficult, I expect, to get acceptance—that the area will suffer because of it, and secondly the existing good service we have now will actually disappear because the Pendolinos would not be running because there would not be the customers for it. How can you square that circle of saying, “Yes, this is a new way of going, but we’re not going to stop for 200 miles and people in between are going to get a worse service”? That does not seem reasonable and I do not think you can sell it to anybody.

Mr Steer: I think the short answer to it is that by careful planning you can achieve these things. You cannot serve every town and city in the country but you can serve the major places and the evidence from Germany, Spain and France—I have travelled on the TGV from Lille to Paris this summer and I was astonished how many connections there were for the line that Richard Brown’s Eurostar trains travel every hour up and down. There is a lot of them and they are there to enable connections to be made from the fast line into Paris, in effect, into some of the second, if you will forgive me, not the first tier of large cities.

Q120 Mr Martlew: If they do not stop, they are never going to be first tier, are they?

Mr Steer: Well, they do not in general and only exceptionally, and I think even SNCF will say, “Well, we perhaps agreed to some of these things and we shouldn’t have done.” The stations are not on the high-speed line, they are existing stations, so these are connections from, if you like, a bypassing new line made into the existing railway to serve northern
France, places like Amiens or wherever, in Cumbria’s case, Carlisle. So there is ample precedent that this can be done with proper planning.

Q121 Chairman: Mr Brown, can you tell us more about that from your experience, more about how other places not directly on the high-speed line stops can be connected and what lessons you would take from the experience of High Speed 1 for the development of High Speed 2?

Mr Brown: If I may take experience from our knowledge of what is on the Continent rather than High Speed 1, because High Speed 1 is still very young in terms of its impact. Just two points I would wish to make. One is, where you stop on high-speed lines to build the stations is always a very difficult choice because high-speed trains, let us be honest, are built to run at high speed and therefore not to stop often, but I think the pattern in most of Europe, certainly in Germany and in France, is that you run trains off high-speed lines either on a spur to a city like Carlisle or at the end of the route into Manchester, or wherever, and you need to design the network so that in phases it will link into the classic network. The other point I would make is, remember we are planning at least 30 years ahead here and the Government’s own white paper of two years ago set a goal to double rail patronage in the next 30 years, in a broad forecast. With the rates of growth we have seen in the last 15 years we will at least achieve that, so we will need to be running a lot more trains anyway, which provides more trains to go on serving cities like Carlisle or anywhere else with a good service as well as the high-speed services. That is the bit where we have to get our minds forward. It will be a very different market.

Mr Macleod: I accept everything you are saying there with the exception, of course, that if you look at Network Rail, and I think Greengauge, the last stop is Preston and you have got Warrington, Manchester, Liverpool, and then you go for 200 miles without stopping at all, which actually means that southern Scotland will not be served, Northern Ireland will not be served, and the county of Cumbria will not be served and you will actually give us a worse service because we will either have to come to Preston or go to Glasgow to actually get on that train. Politically you cannot help building a line 90 miles across Cumbria and saying it is not going to stop.

Q122 Chairman: Mr Brown, can you give us the answer to that, from your experience?

Mr Brown: My mind is just using the analogy of Lille. We do not stop in Lille with all of our trains, but we stop there with sufficient frequency to give people in Lille a very good choice of services to London and the franchise is being networked to Brussels. I would find it very surprising if on a London/Glasgow high-speed line going past or through Carlisle that some of the trains did not stop there. What I would be very sure of is that they would not all stop there.

Q123 Chairman: In Germany, what is the experience there on getting access to places that are not actually on that line?

Dr Hamprecht: People really have learned the lessons through from the first high-speed infrastructure we built from Hamburg to Frankfurt. We had five stops which are really on the line but this turns out to be really a limiting factor to the capacity of the whole line because what was done recently was the Frankfurt/Cologne connection so that we have these bypasses which Richard Brown was just mentioning, and Jim Steer, so that we have a high-speed line from Frankfurt to Cologne and we have the intermediate, three possibilities to phase out of the high-speed line and stop at a completely new built station next to the high-speed line and then get on the high-speed line again, which does not do each and any train but let us say in a small station like Limberg one train every two hours stops, so that they are principally connected to the high-speed network but the vast majority of the trains are just passing by.

Q124 Chairman: Was this planned at the time the rail was built or did it develop afterwards?

Dr Hamprecht: Yes, it was planned right from the beginning.

Q125 Chairman: It was part of the original concept?

Dr Hamprecht: Yes.

Q126 Mr Leech: Could I just bring Mr Steer back to the comments he made before about the East Coast Main Line? I know your report suggested two lines, one at the West Coast, one at the East Coast, but if we were to end up with only one high-speed line, given what you have said about the need for investment in the East Coast Main Line, would you argue the case for an East Coast Line rather than the West Coast Line if it was only going to be one, because of the investment that has already gone into the West Coast?

Mr Steer: No. I certainly do not think it is a question of switching—I do not think we would. We think there are good reasons why the first line should be, suppose we call it North-West, those reasons being the more advanced state of congestion on that part of the rail network, the fact that we are talking about a large group of cities that just happen to be rather larger than those on the east side of the country, the fact that such a route ought to be capable of supporting a connection to Heathrow, which is rather harder to fashion than from an Eastern route. I think the other important conclusion we came to was that it is possible to make a connection from a route from London to the West Midlands, northwards to the East Midlands and certainly with great value to Sheffield and potentially beyond. So to...
some extent—and I accept the point, supposing you cannot have both—I suppose in my mind I am saying perhaps for some time, who knows, with funding constraints, or whatever, the East side of the country can get some benefits from that as well as the West side of the country.

Q127 Mr Leech: Can I move on to the cost? The UK is the world leader in doing things at the most expensive cost and I think it is fair to say that I understand High Speed 1 is the most expensive high-speed system around the world. Have we learnt any lessons from High Speed 1 about how we try and control costs for High Speed 2?

Mr Brown: I was not involved in the construction, I just run the trains.

Mr Leech: I was not suggesting you were.

Q128 Chairman: We are not holding you responsible, we just want to know—

Mr Brown: So I am not pretending to be an expert, is the point. The line is built through some quite difficult territory, about 25% of it is in tunnels, which is a lot more than most high-speed lines, and of course tunnelling is more expensive than surface lines. It is built to exceptionally high environmental standards, which added cost. I think quite a lot of lessons were learned and you need to talk principally to London & Continental Railways about how to manage costs because it did come in within budget, which is unlike other schemes, and we have heard about some in Germany, which is a surprise, coming in over budget. So I think there is some expertise as to how to manage it to budget but these things are expensive. They will not be as expensive per mile as HS1 because you would not have 25% of the route from London to Scotland in tunnel because you would not come out very often.

Q129 Mr Leech: Is the North-South Line expected to be easier then, because we have issues around the Cotswolds and certainly Mr Martlew has consistently talked about the concerns over the line going all the way through Cumbria. Are those sorts of issues going to ensure that it is just as expensive for High Speed 2?

Mr Steer: No, I think the overall cost per route mile, after allowing for different views of construction and inflation, and so on, ought to be lower on the North-South route, but the same environmental standards, I am sure, that have applied in Kent we will find will need to be applied in the equally sensitive areas north of the Thames as they are south of the Thames. The lessons I have heard from High Speed 1, and some of them are really quite obvious, are one, be prepared to construct these things in phases. London & Continental Railways will tell you that was a key help in making it manageable. Secondly—and this is reflecting the fact that it is basically a failed PPP exercise, so I am ignoring the initial history here, but secondly the Government-backed bonds that were issued to finance the construction meant that the cost of finance was low, below 5% cost of finance, which is pretty good going. Also, this was an organisation that had ring-fenced funding. That is quite important because it means contractors bidding for the project feel secure that they are ultimately going to get paid. Then beyond that there is a very strong client organisation established, with the Government as sponsor. London & Continental Railways then fashioned into a client body which had the devolved ability to manage as best it could delivering what the sponsor wanted: deliver it on time and budget.

Q130 Mr Leech: Can I ask Dr Hamprecht how the German high-speed lines have been funded?

Dr Hamprecht: Yes. It is the public duty to set up the infrastructure and so far we have in rail only projects which are almost 100% funded by the Federal State. In some cases where we have regional effects we have joint ventures between regional organisations but they are mainly investing in the station, so the line, its initial set up, is funded by the state.

Q131 Mr Leech: The national state rather than the state government? Not the regional government?

Dr Hamprecht: No, the national government.

Q132 Sir Peter Soulsby: Mr Steer earlier spoke about stark choices. We are going to have to make some stark choices about priorities for rail investment as a country and we have at the moment a classic rail network which still has two major main lines which are not electrified, Great Western and the Midland Main Line. We have got parts of the country, particularly the South East but elsewhere as well, where the commuter network is grossly overcrowded. If we have got to make these stark choices, Mr Steer, why should we begin with high-speed rather than making the commitment both to the commuter network and the electrification of the classic main line network first?

Mr Steer: I think the answer to that has got to largely be about short-term and medium-term because clearly a high-speed project is going to take, let us say roundly, 10 years to deliver. Some people would argue that is optimistic. HS2 have indicated they think it will be even longer than that. We are certainly not in a position where we can afford to ignore all investments that will be—let us put it in the highly desirable question needed category in the interim, I would suggest. But I think there is an important connection between some of the categories. We believe, for instance, that there could be significant benefits from electrification of the Great Western mainline and good connected thinking on developing North/South high-speed rail without having to start spending money on high-speed rail to the rest of South Wales, which is probably not an immediate priority. There is, of course, a huge benefit to commuter operations from providing for high-speed rail, so when one says, “Well, is it either/or?” I think one has to look at these things in the round. High-speed North-West will help the cities in the North-West, the West Midlands and indeed Scotland, connectivity to London, to Heathrow, to High Speed 1 and hopefully to Europe as well, and free up capacity on a corridor which cannot accommodate more commuter trains.
Milton Keynes, for instance, with a huge growth of population to be accommodated, is going to generate more commuter demand and really you have got a choice. Either we are going to have to spend more money on the West Coast Main Line or we are going to back the high-speed option and get some commuter benefits out of it as a by-product. So I accept the point that if you say, “Well, in the end there are still some harsh choices,” of course there may be, but I think it would be wrong to presume that these things are in necessary opposition to one another.

Mr Brown: I would just like to re-emphasise Jim’s point about timescales. The high-speed line High Speed 2 will not start on construction and therefore the major spend probably for at least seven years, so the major spend will be in Control Period 6, not even in Control Period 5. If we do not start thinking now and planning now to do these things, we will find ourselves in five or 10 years’ time, having finished Thameslink, having finished Crossrail, hopefully having done the Manchester Hub and things, saying, “Well, there’s nothing left in the cupboard in terms of how we go on increasing rail capacity to meet demand.” This is not a conflict between spending on the classic network and spending on high-speed rail, it is planning ahead for, yes, 20, 30 years, which is not something we have traditionally done in this country, so that we have a planned improvement and extension of the rail network everywhere, not just on the high-speed lines. I do not sense a conflict.

Q133 Sir Peter Soulsby: So it could reasonably be argued that a short to medium-term commitment to the electrification of those two remaining main lines—

Mr Brown: Is very important.

Q134 Sir Peter Soulsby: —was a reasonable short to medium-term priority, whereas the commitment to the high-speed was a medium to longer term priority?

Mr Brown: Because it will take much longer to put the plans in place, to do the designs, to let the contracts, to start actually spending the real money on construction of the high-speed line.

Sir Peter Soulsby: Thank you.

Q135 Ms Smith: Greengauge 21 have said that a programme to create a set of capacity regional electrified networks to complement high-speed rail and to support sustainable growth of the main city regions should be one of the key priorities for the next high level output statement. I just wondered what Greengauge 21’s view would be of extending that principle in fact and looking as well quite carefully at how well-integrated high-speed and inter-urban connections are with those very local urban networks? It is a critical part of the jigsaw, and on top of that, whether or not there is an argument for more local control of how those very local networks are developed and integrated with the national networks, because the Passenger Transport Executives are quite keen that this should be the case and they are putting up a very strong argument on this.

Mr Steer: The two do go very much hand in glove and the advent of high-speed rail and whatever cities it will serve—and we argue strongly that high-speed stations should be in the centre of cities where the focus of the existing transport is—then that in turn is going to add to the pressures on those networks and if they are struggling with the existing levels of demand, sooner or later you are going to conclude, “Well, can I lengthen trains, can I do this, that and the other?” The thing we have neglected, one of perhaps two or three things we have neglected in this country alongside high-speed rail, where we have been a bit slower than other European countries, has been cross-city electrified networks, in Germany the S-Bahn and in France the RERs, and so on, and the point about these networks is that they are more efficient and they allow you to run train services at lower cost, so the franchising costs ultimately—you have to invest to get them—will come down. They reduce the demand on platform space in city centre stations because instead of terminating trains, quite often from opposite sides of the city coming into the main station and then having to depart again, which is not really efficient, they are cross-connected, and again I would not pretend this is not without some investment in most cases, preferably on electrified networks, you get an efficient solution. So I think again we can see an awful lot of pointers from across Europe that this is the right thing to do.

Q136 Ms Smith: In terms of more local control, in order to ensure that land use issues and planning issues are properly handled, integration with tram networks, and so on, tram train networks potentially in the future?

Mr Steer: Yes. I guess one has to ask oneself, why hasn’t this happened? You could argue it is because of the absence of the devolved authorities that exist in the European countries. I would say that the PTEs have to be prepared to look beyond their boundaries to fulfil this role because the city regions are tending to spread. There is no reason why they cannot, and indeed they have the powers to do that, but with that in mind, yes, in asking them to take this challenge one would be, I think, encouraging.

Q137 Mr Clelland: I wonder if Dr Hamprecht could tell us if the forecast reductions in journey times when we are at the planning stage actually lived up to expectations?

Dr Hamprecht: Today we have quite a good insight into what can be achieved, what share of rail can be achieved in competition with the air market, in relation to certain travel times, so once we know the passenger streams which are given today then we have planning examples of the set-up, projects which are finished and where we see the benefit, to which we can calibrate the estimations. So today there is quite a good probability that the forecast can be done at a reasonable quality and can be achieved. What we

---

6 Note by witness: city networks
have seen earlier, I recall some over-estimated passenger flows for Eurostar in its initial phase, but they were in a different stage of experience, so I guess today we are very much further.

Q138 Chairman: Mr Brown, what would you say from your experience? Have the reduced journey times lived up to their expectations?

Mr Brown: Reduced journey times are usually well-achieved because they are fairly finely calculated.

Q139 Mr Clelland: But that is not the question. Were the reduced journey times as forecast? We expect the journey times to be reduced but were they as forecast at the planning stage?

Mr Brown: Sorry, that is what I meant to say. Yes. The only exception I know of is between Brussels and Amsterdam, where I think there were some errors in the planning and I think Brussels and Amsterdam will be about five minutes longer than they originally expected because they left a bit of track out in the middle, or something, but generally the reductions are as forecast, if not better sometimes.

Q140 Mr Clelland: What are the forecasts for the journey times between London and Scotland on high-speed rail? What are the reductions in journey times?

Mr Steer: Our estimate, based on in this case the work of SYSTRA, which is the consulting arm of SNCF, having outlined a route and with their experience of what has been achieved with TGV and Eurostar, is a London to Glasgow or London to Edinburgh journey time of two hours, forty minutes, with one intermediate stop. If you took that one intermediate stop out, you could make it two hours, thirty minutes.

Q141 Mr Clelland: That is a reduction of, what, an hour, is it?

Mr Steer: The current journey time at best is around four hours twenty minutes, so it is a saving of one hour, forty minutes. It is a big saving.

Q142 Chairman: What can the German experience teach us about freight and the mixing of freight and passengers?

Dr Hamprecht: I just want to make sure I correctly understood the question. The experience of the effect on such –

Q143 Chairman: Yes, how has freight transport developed in Germany with the advent of high-speed rail?

Dr Hamprecht: Well, freight at the same time has seen significant growth but there are two effects. The one side of freight is transported on classical lines which were freed once a new line was set up, so this example is Frankfurt and Cologne once again, where we now have three double lines next to each other and one is dedicated to freight. Another example is Nuremberg to Munchen, where we have a mixed use on a high-speed line. Through the day we are running high-speed trains and in the night freight trains on that very line, which contributes quite well to the capacity for freight transport.

Q144 Chairman: Has the percentage of freight travelling by rail as opposed to road increased?

Dr Hamprecht: The market share in Germany is 14%.

Q145 Chairman: It is 14% now?

Dr Hamprecht: Yes, but it is 95 billion tonnes of goods being dispersed.

Q146 Chairman: How should high-speed rail serve Heathrow? What would be the most effective way to do that?

Mr Steer: We believe there should be in effect a crossroads of rail routes capable of supporting high-speed rail at Heathrow. I think there has been a suggestion again elsewhere, commentators, and so on, that there is a sort of choice, you either build a spur to Heathrow, a simple little connection, a terminal station, or you have to bend the North-South route.

Chairman: The Committee is suspended for 10 minutes.

The Committee suspended from 4.35 pm to 4.45 pm for a division in the House.

Q147 Chairman: You were in the middle of answering the question about the best way to serve Heathrow.

Mr Steer: Indeed, Chairman, and I was answering it and suggesting first of all that somewhere has suggested it is either a spur or the North-South route should be distorted to run through Heathrow. We have looked at Heathrow being on the high-speed rail network but done in a way which does not require a distortion of the North-South route, and we have been quite heavily influenced by the experience in Europe, particularly the French experience with Charles de Gaulle, a huge network of towns and cities in France has a direct rail service to Charles de Gaulle, the key really, as far as we could see from what has happened in France, is to make the airport station a station call en route between two opposite parts of France, as it were, East-West or North-South. It happens that in the middle you contrive the network geography to serve Charles de Gaulle. It is not beyond our wits, in our view, to achieve the same thing in Britain in relation to Heathrow and the business case for doing that looks really very strong.

Q148 Chairman: Does anybody else want to comment on that?

Mr Brown: I would agree with that statement.

Q149 Mr Martlew: How do you answer the environmentalists? I know they are all going to be electric trains, so you can say they are all going to run from wind power, but it is probably not the case, but if I am going down the motorway at 60 miles an

\footnote{Note by witness: amended to “Yes, what is corresponding with 114 billion tonne-kilometres (or 380 million tonnes)”}

11 November 2009 Mr Richard Brown, Dr Andreas Hamprecht and Mr Jim Steer
hour and I increase to 90 miles an hour, apart from breaking the law I am using a lot more energy and is it not a fact that high-speed trains actually use a lot more energy than their slower counterparts? They use a lot more energy to do 300 km an hour than 200.

How do you answer that case?

Mr Steer: We answered that—and Richard may want to come in on this—by commissioning some work and we looked first of all at the question of what is the energy consumption per seat or per passenger of an existing train, which is the West Coast train, the Pendolino train, for instance, against various types of high-speed train, the TGV, ICE, the Japanese bullet train, and so on, and what we found was that the energy consumption of those two types of train, the existing Intercity train and the high-speed train, were about the same. You could say high-speed trains looked in some cases to be up to 10% higher, but they are within the same ballpark. If you ask, “Well, why is that?” there are a number of reasons. High-speed trains are purpose-built and they tend to be higher capacity, you can get more people on them, you are sharing the burden of creating the motion, the energy consumption across a greater network. You have purpose-designed infrastructure which does not require the train to speed up and slow down and dodge and weave around the network, which counts for a lot, and these are known, established verifiable facts. So if you took the same train on the same line, which is rather the way I think you were describing your road example, yes, of course, if you ran it faster it would consume more energy, but that is not actually the choice we have. The choice we have is, do we continue trying to run more trains at existing speeds on a congested network or do we build a new line and get the efficiency gains of that? You will find that in relation to the carbon consumption per passenger at high-speed and conventional speed there is no significant disadvantage at all.

Q150 Mr Martlew: There is the environmental impact of actually constructing the line, though?

Mr Steer: There is, of course, that and that has to be considered and I have to say I think we are in the early stages of understanding exactly what the carbon impacts of those will be.

Q151 Chairman: Mr Brown, would you like to add anything to that?

Mr Brown: Yes, two or three points, if I may? Of course, going faster uses more energy, but a high-speed train is significantly lower carbon than the alternative travel modes of both car and certainly air. In our case we produce more than 10 times less carbon per passenger actually travelling, not per seat, than flights between London and Paris and London and Brussels. So you get a lot of the benefits by mode shift. The embedded carbon or the carbon that is created as a result of building lines, we have tried to do some work on this on HS1 and our estimate was that if you amortised that over 40 years, which is probably quite conservative because you are really building these things for at least a 100 year life, it would add about 10% per annum onto our annual carbon footprint. Even the RAC Foundation published a report, I think it was the week before last, and even they admitted that high-speed rail would reduce the carbon footprint of travel in Britain. I think they estimated by about a million tonnes a year, which I would have thought was quite a lot actually. I think the key point is the argument for high-speed rail is not just about reducing carbon and it being greener, it is about rail capacity and economic development, but the good news is it will also help you reduce the carbon footprint of travel generally in Britain.

Q152 Chairman: Dr Hamprecht, is there anything you want to add on the environmental benefits of high-speed rail or otherwise?

Dr Hamprecht: Yes. Thank you, Chairman. I would first of all fully subscribe to what Richard Brown just said that if we manage to gain a significant share of the air market or the market that is today served by aeroplanes, then we have first of all a big reduction in greenhouse gases. I see the specific relevance of the question which was just asked. It is becoming relevant again if you have to decide now, after having principally decided for high-speed, whether it shall be trains at a maximum speed of 175 mph or maybe up to what is today’s highest commercial speed, 225 mph. You can have the question once again because the incremental benefit of this additional speed gain—you buy at very high cost and also at very high additional energy consumption while the additional journey time savings at this distance of 300 km are rather five, six, seven minutes. It is maybe not worth that spending.

Chairman: Thank you all very much, gentlemen, for coming and answering our questions.
Witnesses: Mr Michael Roberts, Chief Executive Association of Train Operating Companies, Mr Tony Collins, Chief Executive Officer, Virgin Trains, Virgin Group and Mr Andrew Chivers, Managing Director, National Express East Anglia, National Express, gave evidence.

Q153 Chairman: Good afternoon, gentlemen. Would you like to identify yourselves for our records, please?
Mr Collins: Tony Collins, Chief Executive of Virgin Trains.
Mr Chivers: Andrew Chivers, Managing Director, National Express East Anglia.
Mr Roberts: Mike Roberts, Chief Executive of the Association of Train Operating Companies.
Mr Davies: I am Richard Davies, Head of Strategic Policy for ATOC.

Q154 Chairman: Thank you. The Department has recently committed over £30 billion to rail investment. Do you think that is secure funding or do you think it is not?
Mr Roberts: We are very clear that the commitment by both the public and the private sectors to deliver a major programme of investment in the railways must remain, notwithstanding the current challenging economic climate, and that the £35 billion investment programme should continue to focus on some of the most important aspects of improving the network, which from our point of view would be maintenance and renewal of the existing network, ensuring that we deliver new and additional rolling stock and that we provide the infrastructure services that support that in terms of longer platforms, for example, because that would provide additional capacity to reduce overcrowding for passengers. Finally, the programme ought to focus on improvements to the existing network such as electrification or indeed tackling major bottlenecks such as Reading Station.

Q155 Chairman: What is the most important investment that is required at the moment?
Mr Roberts: I think I have tried to highlight this into three areas of priority. Maintaining and renewing the existing network is fundamental to make sure that the improved service that we have seen the railways deliver to passengers over the last decade is sustained, but in addition to that we need to be looking to enhance the quality of service that we are able to offer our customers and that is why looking to, in particular, increase capacity, particularly through rolling stock and associated works, which will allow longer trains to operate on the network in a particularly strong area of priority, as well as making those other enhancements that I mentioned.

Q156 Chairman: Mr Collins, what is your view about current investment? What is most important and what would worry you most if it was to be dropped?
Mr Collins: I think if we dropped anything it would worry me. Our view of the industry is that as an industry, as a network, we are going to run out of capacity probably around about 2015, so we desperately need to put more capacity into the system through trains and more track capacity, and I guess the challenge is, if the funding is not available from the traditional sources then we need to go and look for other ways of funding the investment. Michael has mentioned rolling stock. It is perhaps a good time for the private sector to get involved in rolling stock procurement properly again and started taking some residual value risk so that we can get more trains and we can lengthen trains and get those into the system quickly. So my concern would be if we go with the approach of, “We only have so much money. We have to cut some of the projects.” I would rather start with, “We need the projects. How do we find a different way of funding those projects?”

Q157 Chairman: And for National Express, Mr Chivers, is the Government’s current investment proposal sufficient for you to run your trains properly and efficiently?
Mr Chivers: I absolutely support what Mr Collins has said, but I would also add that the investment that is involved in this current Control Period has come out of an enormous amount of work to determine firstly what does the network need in terms of delivering the capacity that our customers need and also the elements of investment that are needed to deliver the reliability and performance of the railway that customers need as well. So I would very much endorse the programme that is in place at the moment.

Q158 Chairman: But in your written evidence you talk about the possibility of projects being downscoped. What does that mean? Has somebody been telling you there is going to be less money around?
Mr Chivers: I think the idea there is that we start off with the position that first and foremost this is a programme that we certainly absolutely support.

Q159 Chairman: But what does “downscoped” mean?
Mr Chivers: I think in “downscoping” we might say that if there was an absolute necessity to change the funding that was available, if that was an absolute necessity for some reason and we could not find alternative funding, as Tony has suggested, and we could not find alternative ways of doing things, and if working with Network Rail we could not together find efficient ways of delivering the same outputs and the same projects, then the scope of a project would have to be looked at. Maybe the grammar is not particularly good, but I think what it means is that you look at the scope of a project sensibly and consider it in connection with other things that are going on in the investment programme, because one of the things we want to absolutely avoid at any cost is changing an element of an investment programme which affects through the interdependencies of these programmes the output of other investment programmes.
Q160 Chairman: Has something been suggested to you? Has somebody suggested that there are going to be cut-backs?

Mr Chivers: No.

Q161 Chairman: Categorically no?

Mr Chivers: Nobody has suggested that I have –

Q162 Chairman: Not to submit any different proposals for something?

Mr Chivers: No.

Q163 Ms Smith: I have a question for ATOC really. What is your understanding of the latest situation regarding the additional rolling stock committed by the Government under HLOS?

Mr Roberts: If I could offer some first comments and then perhaps my colleague, Richard, would like to add to those. My understanding is that something of the order of 700 have been placed on order. Not all have actually been delivered yet.

Q164 Ms Smith: How many was that again?

Mr Roberts: Something of the order of 700 out of what was originally specified by the Government as 1300. I think there is throughout the industry and amongst the commentators on rail an element of doubt as to what exactly the 1300 actually covers, but I think we are clear that from the perspective of trying to address overcrowding on the network we need to see additional capacity through longer trains, for example, provided and that 1300 or near to 1300 is, if you like, the minimum that we need to be doing over the five year period that has been identified for that investment, by 2014.

Q165 Ms Smith: In what areas of the country are these vehicles most urgently required?

Mr Davies: A number have already been ordered, of course. The Pendolinos have been ordered. Andrew has got his order sorted for National Express East Anglia. The remaining priorities are the Southern Networks to allow the platforms to be extended to allow 10 car trains on Southern and South West Trains. Northern cities I think is the other particularly crucial one for us, Leeds and Manchester in particular, where peak demand has been rising and the HLOS indicated that new trains were the best way of providing the extra capacity by train lengthening.

Q166 Ms Smith: Are you worried that the promised investment in new rolling stock or extra rolling stock for the Manchester area is going to be reduced? Is that a worry for you?

Mr Davies: Well, it is certainly a concern for our members and it is a concern for the travelling public. We do not know what the plan is yet, it is still being discussed with the Department, but certainly our sense is that that is an area that something needs to be done around. It may not be quite the original plans that the HLOS was based on because since then we have had electrification added to the plan, which undoubtedly will release some fuels for the cascading to Northern cities.

Q167 Ms Smith: To what extent do you think the balance between Government rail investment in London and other regions is fair and appropriate?

Mr Roberts: If I could try and answer that question, I think the balance of public sector funding between the regions is a function of what the Government actually wants to achieve from the railways and that is effectively expressed through the high level output specifications and one of the major objectives in that, which I think generally is a desirable goal, is to reduce overcrowding. Not surprisingly, therefore, given the level of use, particularly in the South East, the funding sort of follows in terms of the geographical allocation to the South East. From our perspective as a rail community serving the whole of the UK, we are deeply committed to seeking improvements in rail that can serve economic development across the country and can enhance regional development outside of London and the South East. Apart from trying to ensure that the full range of commitments on rolling stock are actually delivered to help us do that, we have identified additional potential schemes for the longer term. This is beyond the current five year investment period. For example, improvement to the Leeds-Manchester route through electrification, which would help rail actually deliver those improvements more widely, and we would say that the time is right now for the next two years for us as an industry to identify how we can meet some of those regional and economic development opportunities through the investment profile for the next five year period. If I could make one final comment, I think our view—and my colleagues might want to make a comment here—is that the way in which English regions in particular have the opportunity to input into the rail industry planning processes is not as effective as perhaps it should be. There is input, certainly, from Regional Development Agencies and other bodies, but we feel that perhaps the engagement between some of the regional institutions, and the term of art is the Route Utilisation Strategies, could be stronger. I think, to be honest, this is probably more an issue for politicians rather than for the railway industry. I think, looking at the extent to which those who might determine and shape the regional priorities for rail also have the ability to fund those priorities, is an important subset of the answer. How best can we improve the linkage between what regions are looking for and how the railway takes up all of those?

Q168 Ms Smith: You seem to be arguing for devolution, but that is another argument.

Mr Roberts: That was not actually what I said! I do not know if any of my colleagues would like to add to any of those comments.

Mr Collins: Just to add, I think the drivers for rail investment differ from the southern TOCS to the rest of the regions. With my own TOC we have been very successful at reducing domestic air flights from Manchester. We have similar opportunities and there are markets we can develop along the West Coast, but we need to get the investment in, but that in itself could drive higher passenger revenues.
which can help fund that investment. It also drives economic growth in those regions which should be factored in, and I guess the one which is a national issue is the environmental benefit, particularly with the West Coast and East Coast where you can actually drive modal shift from air, from road. I am not so sure if those factors are properly played into some of the investment criteria when these decisions are taken.

Q169 Chairman: What proposals do you have on how we should change the way investment decisions are made?

Mr Collins: I think we need to look at the sources of funding, so clearly in simple terms the fare box. So are there opportunities to invest, to grow the fare box, i.e. take domestic flights out of Glasgow, for example, and Edinburgh by putting them onto trains? Can we develop services to take people out of their car, so you grow the fare box? These are the environmental issues.

Q170 Chairman: Do you mean more passengers or higher fares?

Mr Collins: Carrying more passengers because there is real competition on certain routes where it is not about charging higher fares because they will not travel. They want value for money fares and they will come onto the railways. We have got lots of evidence which demonstrates that there is price elasticity around fares, but there are opportunities to grow the fare box by providing the right services for passengers, so that is one source of funding. There are the environmental issues where the amount of carbon we can save by getting people onto trains has to have a value for the nation. There are the regional economic benefits of better transport links, which should have a value to those regions. Finally, there is the central taxpayer fund, which we know is going to come under severe pressure. So I think we need to be more sophisticated in the way we value these types of investments and the sophistication would mean that you would evaluate, if you like, the southern train services very differently than you evaluate the regional train services.

Ms Smith: Just one other question. It has been said that Network Rail Maintenance will see almost 1500 redundancies in the next Control Period. To what extent does that give cause for concern?

Q171 Chairman: Mr Collins, it is not so long ago that Virgin was complaining to Network Rail because Virgin trains were late because of problems Network Rail had on maintenance on the West Coast Main Line. Are you now concerned that the proposed redundancies that we have all heard about are going to take us back to the same problem?

Mr Collins: Clearly I am concerned when a key supplier appears to be cutting back resources, but what we have experienced over the last few months is some really very good performance and formally, officially, thank you, Network Rail. We really do applaud that.

Q172 Chairman: Yes, but what is going to happen now? We are told there are going to be large numbers of redundancies to meet the efficiency targets of ORR. Does this give you concern?

Mr Collins: It gives me concern, but on the basis it gives me concern we have had the conversations with Network Rail and we have agreed the performance targets for the next six months and all the evidence suggests that Network Rail can deliver those targets. I think, to be fair, it is not for me to determine their staffing levels. What is for me is to ensure that I have got the confidence they can deliver the output I am paying for. At the moment, all the evidence suggests they can do that.

Q173 Chairman: Does this mean—and perhaps I should go to Mr Roberts of ATOC—does this mean that ATOC has agreed with Network Rail the scale of redundancies or cutbacks to meet the targets? Have you been in discussions with them?

Mr Roberts: No. No, that is not what ATOC is here to do. Fundamentally the industry works through individual train operators agreeing with Network Rail performance goals. Those indeed are performance goals which are reviewed on a four weekly basis.

Q174 Chairman: Does that mean then that individual network operators have agreements with Network Rail that there will be reductions?

Mr Roberts: No. I will allow Mr Chivers to come in.

Q175 Chairman: Let me go back to Mr Collins. Mr Collins, you did say that you had had some discussions with Network Rail and you reached some agreements. What did you mean by that?

Mr Collins: Yes, we have had discussions with Network Rail about the performance we want them to deliver to us and we have agreed a series of deliverables to make sure they deliver that performance. What we do not discuss with them is what head count they are going to use to drive that performance, that is for Network Rail to decide themselves, but the way we monitor and manage performance is we have both got commitments to perform and as long as they keep delivering those commitments then we will be happy about that.

Q176 Ms Smith: Can I come back on that, because Network Rail introduced 137 additional maintenance jobs onto the West Coast Main Line southern section in January of this year, so there is no doubt and no wonder there has been an improved performance, but under the proposed cuts 325 jobs on that same section are due to go, despite the fact that you do not discuss job numbers, surely that must be a cause for concern, given that the increase in numbers was related to poor performance, the engineering overrun at Rugby, and so on?

Mr Collins: No, because the commitment we got from Network Rail between now and March delivers the performance we want and those additional heads are still there in that target. So, again, they are delivering the performance. If they were to take those heads away, or more heads and performance,
the key priority versus performance then starts to fall and then we will start to challenge again and start complaining again.

Q177 Ms Smith: Surely it is time to challenge now, given that in the past lower numbers performance suffered? Extra people have been put in place, performance improves. Surely now is the time to make the point that a reduction beyond what was originally in place at the beginning of this year would be the wrong thing to do?  
Mr Collins: But we have made that challenge and we are confident that if they deliver the measures they are committing to do, then we will get the performance we expect.

Q178 Ms Smith: What has persuaded you that they can meet that challenge?  
Mr Collins: Because for the last three months they have delivered, they have beaten their targets. This month they will beat their target again.

Q179 Ms Smith: But that is on increased job numbers. We are now talking about going back to a point that was lower than was the case at the beginning of the year?  
Mr Collins: No, in terms of what they are delivering for the West Coast, to be fair, we do not have any understanding of how many people they have got, where they apply those people, but in terms of delivering the performance on the West Coast for Virgin Trains it is the commitment they have made to us, which is down in writing with the ORR, between now and March. They are honouring and delivering, so we have not got a concern that they are not going to deliver.

Q180 Ms Smith: And beyond March?  
Mr Collins: We have not sat down yet. We are now in the process, as are all train operators, of starting to discuss the performance targets beyond March.

Q181 Ms Smith: Will you express concerns that drastic reductions in job numbers may impact on performance?  
Mr Collins: If we believe by doing that it will affect performance then absolutely, yes, we will.

Q182 Ms Smith: You have suggested that train operators could save £500 million by undertaking some of the maintenance themselves. Could you explain that?  
Mr Roberts: I think what you are referring to is our view that if train companies were given a greater role, for example in delivering improvements of stations and taking forward other improvements such as the depots, that we could do that not only more quickly but cheaper than Network Rail can and that that could release savings of up to £500 million over the current investment period, but that is quite specific about stations and depots.

Q183 Ms Smith: Well, it did say “rail lines” in the public reporting of your statement. It did mention railway lines as well.  
Mr Roberts: To be very clear, that is the difference between public reporting and actually reading the report.

Ms Smith: Right. Well, we have got that on the record.

Q184 Mr Martlew: Can we go back to rolling stock because I have a number of questions there. The word ROSCO has never passed any of your lips. My understanding is that when they were privatised the idea was the ROSCOs would own the rolling stock, they would buy them, they would then take a risk and decide what they are going to order and lease it to the TOCs. Why have we got this problem now where it is dependent upon Government? Is it Government interference or is it a lack of risk-taking by the ROSCOs?  
Mr Collins: I think, to be fair, I said earlier that one of the sources of funding is to get the ROSCOs to start taking residual value risk again. I think the decisions on railway procurement or rolling stock procurement have come from the Government. The decision to procure IEP was a Government decision. The decision to procure the additional vehicles for the Pendolino was a Government decision. The train operators would be delighted to have given back to them the ability to go and procure rolling stock and I guess it would be worth asking the ROSCOs if they are prepared to take residual value risk again. I think the way we have arrived at the situation with the rolling stock is not by the ROSCOs’ design or by the TOCs’ design.

Q185 Mr Martlew: The situation is that obviously the ROSCOs ended up being owned by the banks and we all know that they are not particularly anxious to lend money at the present time, so that could be the purpose, but what you are saying is that really Government should get out of procurement?  
Mr Collins: Yes.

Q186 Mr Martlew: They should leave it to the ROSCOs, and you believe the market will work?  
Mr Collins: I think it will now because what we are looking at—and I am no financier—is assets that have a very long life and in reality given the potential growth in this industry it is a very low risk asset, so it is a safe investment now for investment funds to get involved in. So I think the timing is probably right now, with the environmental issues, with the need to develop the rail network, where the ROSCOs would be prepared to start getting involved again, if they were allowed to. So I think the timing is right to at least try.  
Mr Roberts: If I could just complement what Tony has said. I think the model for the railways is going to be a partnership between the public sector and the private sector. The Government should do what it does well, which is to set the broad expectations for the network and to say how much funding they will provide to do that, say what they would expect in terms of the environmental performance for the network, how much capacity they would like to see to meet the doubling in demand we are going to see over the next 20 or 30 years in what is still a growth
industry. The private sector, as train operators, brings nous and expertise in running trains, in procuring them jointly with ROSCOS. We have the expertise in terms of the financing and the provision of that rolling stock. That is the partnership we want to see restored where the balance is more appropriate and the Government actually gets less involved in doing the stuff that actually train operators, and indeed Network Rail are best placed to do.

Q187 Mr Martlew: Can I come back to Mr Collins? We have been talking about the high-speed line and everybody gets gooey-eyed about it, but it is going to be a long time in the future. At the moment you are running a good service on the classic lines. Is it correct that you could actually speed up the Pendolinos without any major investment?

Mr Collins: Yes. The investment in the scale of things would not be that significant, but yes, we could improve the journey times, for example, between Glasgow and London. We could get a lot of those trains below four hours.

Q188 Mr Martlew: You can cut it down to less than four hours?

Mr Collins: Yes, which then would compete directly with the air market, so there is a potentially big market. We are back to the point about the fact that one of the ways of funding investment is to drive the passenger revenue. So there are opportunities. We are seeing, since we stepped the timetable up in December, new markets developing. Preston, Carlisle, Glasgow is a market which really has appeared which we did not anticipate, so I think there are lots of opportunities to improve what everybody is now calling the classic network. My personal view is, if we were to go for a high-speed line and the decision was taken today, we would be looking at around about 2025. As I said earlier, I think as an industry we will run out of capacity in about 2015/16, so we have to keep investing, but it is not a question of investing in the classic lines or a high-speed line. Actually, as a country, I believe we need both, but we need to make sure we integrate the two together properly.

Q189 Mr Martlew: My final question. Is it a priority to extend the length of the franchises? Say, for example, we have franchises for 20 years. How does that work if you are going to have a five year break in the contract? Would it actually mean that the rail companies will actually spend more on those lines if we give you a longer franchise, or is that just an argument we will hear now, but once you get the franchise will be forgotten about?

Mr Roberts: If I may, our firm belief is that longer franchises, 15 years normally, perhaps 20, particularly where there is a major investment programme needed, would make the economic terms, the commercial terms for investment by those operators much more favourable than they are now. But a longer franchise is not the only way in which those terms have become much more favourable. Longer franchises have got to be actually smarter franchises in the sense that over longer term there will be additional risks involved in an operator taking on that amount of franchise. So as well as looking at the length of the time period we have also argued, for example, that we need to ensure that the balance of risk, for example revenue risk, over the longer term is shared more equitably between Government and the private sector, not in the free lunch sort of way but in a way which recognises that, for example, operators are not in control of what happens to the economy and if the economy fundamentally changes, either for better or for worse, in a way which is not anticipated when they put in their bids, then the impact that has on demand for customers should be shared, the risks of that should be shared with the Government. So it is not just about longer franchises, which we do think would help and actually would genuinely incentivise the train companies in a way which is different to now to bring forward investment. It is not just about the length of the franchises, it is about the overall terms of those franchises, as we recently reported and as I am sure you will be aware from our recent report.

Q190 Sir Peter Soulsby: Other witnesses have talked about the great advantages of high-speed rail and it is very interesting both what you said to us today and in your written evidence that although (to use Mr Collins’s phrase) we need both, you have not actually rated it as the panacea that perhaps some others have suggested it is and you have concentrated much more on improving what we have got at the minute, rolling stock, longer trains, stations, platforms, and such like. Clearly, I think all of us would agree we need both, but if it actually does come down to choices, in terms of what you have been saying to us actually getting on with the improvement of the classic network (as you have been describing it) is an immediate and very high priority and must not be lost in the excitement of planning for high-speed rail? Is that a fair reflection of your views?

Mr Collins: I think that is a very good summary and certainly from Virgin’s point of view whatever happens we have to wait a very long time to get high-speed going as an industry and we will run out of capacity in the next few years, not the next 15 months. I guess the concern I would have—this is view of Virgin—is that people are getting very excited about High-Speed 2 from an engineering point of view, but we need to step back a little bit and say “What is the demand? Let’s look at a demand-led solution.” and I think what you will find is that the best demand-led solution involves developing what we have now and improving it and linking it in properly to a high-speed line, but look at it as not a single line. What is the network we want to deliver over the next 15, 20, 30 years, and start from the demand-led view and then progressively look at the environmental issues, the regional and economic issues. I think at the moment the concern I would have and the concern we have at Virgin Trains is that...
there is so much focus going onto the high-speed line—which I think we do need in the future—we lose focus on what we have to do today.

Q191 Sir Peter Soulsby: Obviously you are the West Coast Operator. What about the other operating companies? Is that the assembly view?

Mr Chivers: Yes, I would absolutely agree with that. I think there is a case for a high-speed network, but it would be very damaging to the railway if that meant that not only the focus was lost but the investment that we talked about right at the beginning of this session, the essential investment in Control Period 4, in Control Period 5 that will follow it, for the existing network.

Q192 Chairman: Mr Roberts, do you have a view? Do you see high-speed rail as a threat to classic lines?

Mr Roberts: No, and if I might make two points in response to Sir Peter’s questions, first of all I think the choice in a sense is a false choice, or it is a false construction because I think by any stretch of the imagination it is going to take a number of years before we are ready actually to start developing on the ground a high-speed route, assuming that the business case is sound for it. It is probably going to be five years or so before it gets to the planning process and we are actually ready to implement. There is a programme we already have, which Mr Chivers has mentioned, which is the programme for the next five years under CP4, a £35 billion programme of investment, by the way not all of that funded by the Government, and we have got plenty to get on with just with that before we need to think about how we are going to fund an addition to the classic network through the high-speed. I think the other point we have all tried to make is that in thinking about choices and how we fund improvements for the network we think there is a danger that the discussion is simply one of how do we rob Peter to pay Paul. Actually, we should not think of ourselves as constrained by the pot of money which currently is spent on investing on rail. We actually think rail has got an enormous amount of money which currently is spent on investing on rail. I think it supports the points which have been made by my colleagues, which are that we need to be thinking about developing a network which meets demand, where passengers want it and where they are willing to pay a fair price for a good service. That is the real ethos behind the report. Some have suggested that really it is just an excuse for reopening old lines that were closed by Beeching. That is not what the report is about. It is about serving modern, thriving communities that may have had a railway in the past but lost it for decisions that were made for other reasons or those which have never had a rail link but where there is an opportunity to build it. I think that is one of the reasons why we have had such a positive response to the report.

Q193 Sir Peter Soulsby: That is very helpful, thank you. Can I move from the massive investment involved in high-speed to the very interesting and valuable report that ATOC published back in June about connecting communities, where you drew attention to the possibilities of comparatively small-scale investment in the re-opening of lines, particularly existing freight lines and one I am particularly interested, the Burton line, you will not be surprised to hear, but I think there are a number of others which also showed the potential for very positive pay-back from very modest investment. Could I just ask you first of all to perhaps give us a flavour of what sort of response you have had from Government to that and indeed from the wider industry?

Mr Roberts: I think overall the response has been extremely positive. My colleagues will correct me, but we actively sought views in response to the publication of the report and I think we had somewhere in the area of 200, 300 responses and I think approximately 90% of those were favourable. Government has, I think taken away the report and has been absorbing the findings and I think you will need to ask them what they think of our proposals. Perhaps it is worth my clarifying that these are proposals which in our view would help serve demand where it has grown over the last few years but where there is not a rail connection, and again I think it supports the points which have been made by my colleagues, which are that we need to be thinking about developing a network which meets demand, where passengers want it and where they are willing to pay a fair price for a good service. That is the real ethos behind the report. Some have suggested that really it is just an excuse for reopening old lines that were closed by Beeching. That is not what the report is about. It is about serving modern, thriving communities that may have had a railway in the past but lost it for decisions that were made for other reasons or those which have never had a rail link but where there is an opportunity to build it. I think that is one of the reasons why we have had such a positive response to the report.

Q194 Sir Peter Soulsby: Am I right in my understanding that where these sorts of schemes have happened already in areas, in fact the passenger usage has tended to exceed expectations and that might well be the case in some of these schemes you put forward in this report?

Mr Davies: Yes, indeed, and there have been numerous examples of small-scale and medium-scale line re-openings where the demand forecast has been exceeded, Stirling Alloway is the current leading example, the Ebbw Vale line has also done very well. The thing in particular we have brought out in our report and which is also worth bearing in mind is that the economic geography of the country has changed and many of the places we are looking at are now major centres in their own right, places like Cranleigh, for example, in Surrey is one of the ones which has attracted particular attention. It is a much bigger town than it was way back in the time of Beeching. So it is very much looking at the rail market as it might be in the future rather than as it was in the past.

Q195 Chairman: How many of those 21 projects connecting communities are likely to be delivered and in what timescale?

Mr Davies: We have said that the next step fundamentally is through the regional planning process, through Network Rail’s route utilisation
study process. So it is just the start of the process, this report. We do not have a view firmly as to what might come of it.

Q196 Chairman: You do not have any target time? Is this something that is just ambling along? We are in financial difficulties nationally and if you want this to be achieved there does have to be a target.

Mr Roberts: If I may, Chairman, two points. First, we are very clear that these are proposals we want to see integrated, ideally, into the next investment period for the railways, so this was within the five years after 2014. We think that is responsible because, as we have already acknowledged, there are constraints on expenditure. We also think it is necessary because we need to build up in more detail the business cases for each of these specific projects. The report was really about an initial laying out of where the opportunities lie. We need to develop a feasibility for some of these schemes. That is the first point I want to make. The second is a very specific one, picking up on the earlier question, which was about how does Government respond to this, and it actually ties in, Chairman, with your question about when might we expect to see things. One of the projects, if my memory serves me correctly, was a proposal to serve the proposed eco town at Bournemouth, which specifically the Government has taken up as something they wish to pursue further. So that is an example where there has been positive support from the Department and one which, I suppose, has some sort of timescale set around it by the Government’s own ambitions.

Chairman: Thank you.

Q197 Mr Clelland: What should be the preferred routes for a fully developed high-speed rail network and why?

Mr Roberts: If I might make an opening suggestion and then perhaps I can look to my colleagues to offer their own views. If I could start by explaining that I think the reason for the interest, certainly in our country, in high-speed rail is for two reasons. Probably the most important of those is the need to provide additional capacity on our network. As I said, this is a network on which we are going to see demand increase, it is going to double over the next 20 to 30 years and we already have a constraint on capacity. It is one of the most fundamental reasons why we are looking at new lines. If you are going to build a new line, thinking about high-speed ones which provide a different product to the UK market.

Q198 Chairman: Yes, but where should they be built and in what order?

Mr Roberts: The reason for my introductory remarks is to explain that if you follow that logic and building on the comments of my colleagues, one of the networks, the inter-urban network, which is most challenged in terms of capacity is the route from London to the West Midlands and therefore I think the logic takes you to saying that that would be your priority.

Q199 Mr Clelland: I was not particularly asking you about the order, although that may be a follow up question, but where should the network be now?

Mr Roberts: I think the routing needs to be along that corridor, from an ATOC perspective, going beyond there certainly has many attractions. We need to make sure the business case is sound and that in turn drives where the route goes north of the West Midlands. My colleagues may want to add something.

Mr Collins: We have a slightly different view. I think we have reviewed this and to be fair we have not had the massive number of people to do the study, but we have looked at it from the demand point of view, where is the best demand for this route, and our view is the route needs to find its way between Manchester and Leeds as quickly as it can, so it can branch off to Manchester and Leeds and connect those two regions, because we believe you can actually achieve most of the demand on the West Coast from Birmingham by improving the West Coast. We believe the tipping time for the journey between Birmingham and London is about 60 minutes and that would grab the vast majority of demand and you could achieve that on the West Coast by some improvements there. The other thing we looked at is the risk in a high-speed line if it starts out and goes north. We think we need a strategy which also starts at the North and comes South, and actually you could see over time the north end of the West Coast and the north end of the East Coast becoming high-speed 3 and 4 and linking the things together. So we would certainly advocate a route which goes effectively through the middle of the country and branches off to Manchester, branches off to Leeds and creates that, that is where the big demand pocket is, and have a link into Birmingham onto the high-speed route, which you could then do some modal shift on, off the M42 and the M6, but then also look at the way you develop the north ends of the East and West Coasts to speed those up, so that at some point you can bring the whole thing together, i.e. the point we were making earlier that we need a network here, not just a line. To be fair, we have looked at it purely from the demand-led point of view.

Q200 Chairman: Mr Chivers, have you any other view?

Mr Chivers: I would agree with what Tony has said.

Q201 Mr Clelland: Do you think a high-speed rail network would be a completely stand-alone network or will high-speed trains also run on classic lines for some parts of the journeys?

Mr Collins: I think to make it work and to drive the best level of service, then the answer is you need to have trains that are comfortable operating on the classic lines as well as the high-speed lines because what you have to do is you have to go and fetch the passengers from somewhere and what you do not want to do is have them having to keep changing trains. So it would be great, for example, to go to Carlisle or Preston and bring the passengers onto the high-speed line so you do not need to have 14, 15 car train sets, you need maybe 10 or 11 car train sets for...
Ev 36  Transport Committee: Evidence

11 November 2009  Mr Michael Roberts, Mr Richard Davies, Mr Tony Collins and Mr Andrew Chivers

that, but they have got to be comfortable operating on the classic lines as well as the high-speed. Yes, you might have some dedicated services running on the high-speed line, but you want to be able to bring service off the classics onto the high-speed as well.

Q202 Mr Clelland: Is it your understanding that that is what has been envisaged by high-speed??

Mr Collins: I am not quite sure where they are with it. I think they have moved quite a bit. I think they are looking at the connectivity between classic and high-speed but I do not know exactly where they have got to on that.

Mr Davies: Can I just add something very quickly on that? Just echoing what Tony says, of course when we look at abroad we look at, for example, France and their new high-speed lines, but of course they put an awful lot of investment into upgrading some of the existing routes as well in order to make the maximum use. About two-thirds of the train kilometres run by the TGV network is on what they call classic lines rather than the LGV, so there is a lot of complementary investment that has gone on and I think that is a very similar story in Germany where the new lines have been augmented by huge high-speed improvement programmes and I think that is very much the way we would envisage a high-speed network for the UK developing as well. In some sense it is an extension of what we already do, it is not a whole new system, it is just a continuation but higher speed and higher capacity.

Chairman: Thank you all very much for coming and answering our questions.

Witnesses: Mr Iain Coucher, Chief Executive, Mr Paul Plummer, Director of Planning and Regulation and Mr Ed Wilson, Head of Public Affairs, Network Rail, gave evidence.

Q203 Chairman: Good afternoon, gentlemen. Could you identify yourselves, please, for our records?

Mr Plummer: My name is Paul Plummer, Director of Planning and Regulation, Network Rail.

Mr Coucher: Iain Coucher, Chief Executive, Network Rail.

Mr Wilson: Ed Wilson, Head of Public Affairs, Network Rail.

Q204 Chairman: What do you consider to be your main challenges for this Control Period?

Mr Coucher: We have a range of challenges. We have got to drive punctuality to levels which have never been seen before on the British rail network. We have got to drive out cost, we are facing massive cost, and we have got to continue our investment programme which is very significant. So doing all those three simultaneously whilst keeping the railways running remains a big challenge for us.

Q205 Chairman: How are you setting about driving down costs?

Mr Coucher: We have got a comprehensive change programme that will deliver around about 4.2 billion worth of savings over the next five years and that is the result of changing our work practices, finding better and more innovative ways of doing our work and removing waste from our processes.

Q206 Chairman: I understand that in the Liverpool and North Wales area 27 out of 36 welders have been told they are to be made redundant. Is that correct?

Mr Coucher: I do not know. I will confirm off-line.

Q207 Chairman: Are you concerned about redundancies that you are reported to be making?

Mr Coucher: Well, I think we have a duty to the taxpayer and the fare-payer to make the railways as low cost and efficient as possible. That means that over the next five years we will be taking out heads where we can do so. We have introduced new techniques and whilst I do not know the specifics about Liverpool and North Wales on the welders, we have introduced a new welding process which means we can do the same welding in a fraction of the time and it is that type of innovation which will lead to a lower cost railway, but the consequence is of course that we will lose people from our company.

Q208 Chairman: And how are you looking at safety issues as you reduce the numbers of employees?

Mr Coucher: Well, we have a very robust safety change process. You would expect that of us. We are, of course, overseen by the safety inspector, HMRI, now the Railway Safety Inspectorate, and any time we make a material change in what we do we must satisfy them that we are doing it safely, but it is absolutely my number one priority and I can assure you, the travelling public and everybody in the country that I will do everything to retain the good levels of safety performance on the railway.

Q209 Ms Smith: Do you agree with the Northern Way that more power should be devolved to the regions when it comes to making rail investment?

Mr Coucher: Certainly we will look at working with local authorities on driving their priorities. We took responsibility for planning the development of the network when the SRA was dissolved in 2005, so those responsibilities were transferred to Network Rail. We do a lot of work in ensuring we get the buying of the RDAs, the PTEs, the PTAs where they exist and PTAs and make sure that our plans that we then publish, although they have to be bought into by Government, take on board their comments.

Q210 Ms Smith: But that is what you do now. Do you think that more power should be devolved to the Regional Development Agencies and indeed to Integrated Transport Authorities when it comes to rail investment?

Mr Coucher: I do not quite understand the meaning of the word “devolved” in this context. There are parts of our operation which have got devolved
power. Scotland, for example, has got a great deal of power in setting what they want to buy for the railway, the same with Mersey Travel, they have got devolved power for that, but we have to remember that whilst it is very important we represent the views of the local communities in developing the rail service, the rail network is a network and decisions we take, for example, in say the North West sometimes have a bearing elsewhere in the country, so we have to get the balance right.

Q211 Ms Smith: Let me put it another way. There is a strong feeling that the North of the country has suffered in terms of rail investment because of the tendency on the part of the DfT to pay for investment in particularly London and the South East. Do you feel that devolution will be one potential answer to that problem?

Mr Coucher: Personally, no. What I will say is that we tend to invest where investment is needed. Up until now we have been able to meet capacity demands or growth demands to bring more people onto the network through putting additional trains on, making longer trains and putting more frequent services on at Bank Holiday and weekends. We can only do that for a certain period of time and there are parts of the South East of England where they are physically constrained and we need to spend a lot more money. Having said that we know that places like Manchester, Liverpool, Leeds, they are fast coming up on the railings, as it were, and we will need to make the same type of intervention in the next few years, so the need has not been quite there yet but it is coming up.

Q212 Ms Smith: I think some would dispute that, they clearly would, but the point being in the next spending period we are going to see a huge commitment to Thameslink and to Crossrail and in that context investment in the North could suffer. What would be the view of Network Rail on that situation? What would be your response?

Mr Coucher: We think both should be done. We absolutely believe that we should be investing in the Northern hub project that we are sponsoring and working on because there is an absolute demand/capacity problem in those areas. So I do not think it is a choice of either/or, both communities deserve improved rail services.

Q213 Ms Smith: You are proposing to cut in the region of 1500 directly employed Network Rail staff but the former Secretary of State for Transport told the Union, the RMT, in a letter of 24 February this year that Network Rail had no plans to make staff cuts. What has changed your mind?

Mr Coucher: I am not party to what the Secretary of State writes, but what we have made quite clear is if we want to reduce the running of the railway, which we do, we will have to let people go. I have said publicly we will try and minimise the amount of compulsory redundancies through redeployment, retraining and voluntary redundancies but there are parts of the country where that simply will not be possible.

Q214 Ms Smith: The Secretary of State cannot just have plucked that commitment out of the air; it must have been based on some response from Network Rail to the DfT?

Mr Coucher: Our position is, to the DfT and to anybody, that we have to take heads out of our organisation to meet the efficiency challenge. We think that is right. It is how we are going to reduce the cost of running the railways. We cannot guarantee no job losses, we simply have to take them out.

Q215 Ms Smith: We understand that of the job cuts over 600 will be on the entire stretch of the West Coast Main Line, where there have been numerous problems. Is that figure correct?

Mr Coucher: It is about 600, but I think we need to just bear in mind that on what we call the West Coast is the railway which goes from Euston right the way into Birmingham, Northampton, Rugby, into North Wales, Liverpool, Manchester, so that is about 4,000-odd miles. The Virgin West Coast upgrade we did only represents about a quarter of that, so it is looking at other parts of the network. Let me give you some kind of examples about the head counts that we are taking out. There are parts of our operation around the country where the task is done by two people. In other parts of the country it is done by three people. We know it can be done safely with two, so we intend to adopt best practice and roll it across. Another example might be that I have maintenance gangs which sit by waiting for faults in King’s Cross Station, St Pancras Station and Euston Station. I think those can be served by one gang doing all three stations. It is saving heads.

Q216 Ms Smith: Prime Minister’s Questions: in January 2009 Network Rail introduced 137 additional maintenance jobs onto the West Coast Main Line southern section because the business case had been made for the posts. My understanding now is that you are planning to cut that capacity beyond the original figure by 325, which takes you to a position that was lower than the one you had at the beginning of the year. Can you justify that?

Mr Coucher: Because we had to make additional investment and support to get the West Coast up and operational, so we knew we had to bring more people in to do that to get the train performance running.

Q217 Ms Smith: I am talking about maintenance jobs.

Mr Coucher: Yes.

Q218 Ms Smith: You are now saying you do not need these people and over and above that you need less people than you needed at the beginning of the year?

Mr Coucher: We need less people now because we are introducing new methods of taking people out, which we were not able to do last year.

Q219 Chairman: So you are bringing new methods into play now?
Mr Coucher: Yes.

Q220 Ms Smith: Can you say what they are?  
Mr Coucher: A simple example might be that in parts of the country where we do the same task with two people, it is currently done with three people. If we introduce the same processes on parts of the West Coast we do not need that extra person. It is things like that.

Q221 Chairman: Is this to do with new equipment?  
Mr Coucher: I was going to give you another example. We have got new technology these days we have introduced which means we can do inspections by trains rather than getting people walking the network. Those are new techniques coming in and that means they are more reliable and can be done without disrupting passenger journeys.

Q222 Ms Smith: Have these techniques been tried and tested?  
Mr Coucher: Yes.

Q223 Chairman: Does this mean that the seven day week railway that we were promised without closures is actually coming nearer?  
Mr Coucher: It is coming closer. We have looked at our works processes and we have agreed a new method of allocating routes so the primary routes, of which Virgin West Coast or the West Coast ones, the East Coast and Great Western, we will do our very best to keep trains running on those networks. Clearly, it is uneconomic to avoid closures on all the little tiny rural routes, but on the major routes and the major stations we will do our very best to avoid that.

Q224 Chairman: You have deferred a lot of your renewals and maintenance work from the first part of the Control Period to the second part, is that right?  
Mr Coucher: No, it is not quite right. We have got a big renewals programme for track renewals. When we looked at the prices for doing those renewals jobs we found it more economic to do more maintenance and defer the renewals until later on because the maintenance could be done a lot more effectively. So whilst we deferred some track renewals, not a great deal, we increased maintenance spending on those areas where we had done deferred track renewals, increased inspections, increased maintenance. A sort of simple analogy of this would be rather than replacing a whole car because it is a bit old, we have replaced the engine, so we have done a smaller renewal rather than a whole renewal, and those are the bits that we deferred.

Q225 Chairman: You are confident that is not going to lead to more breakdowns and more trains running late?  
Mr Coucher: Yes.

Q226 Chairman: Can you say it louder so we can write it down!

Q227 Mr Clelland: What are your views on the potential for a high-speed line from London to the North East?  
Mr Coucher: We are very positive about this. We have published our report. It was led by Paul’s team, so perhaps Paul can speak on that.

Mr Plummer: The main report we published was about a line from London to Birmingham, to Manchester, but as part of that we have always said that we need to be looking at the whole network in terms of how we develop the existing network but also as well as that in the longer term whether we develop further new lines, one of which would go up the North East of the country and although we have done the primary business case on that West Coast route, we do think there is a strong case for that other route as well and we think the cities along that route have as strong a case as anywhere else.

Q228 Mr Clelland: What would the timescale be between the development of these two routes?  
Mr Plummer: The first route, if that is the decision, to go up the West Coast Main Line, clearly would take quite a number of years to deliver that and we do think that is the priority in terms of order to do that first.

Q229 Mr Clelland: How far behind will the North East line be in your view?  
Mr Plummer: We have not put a timescale on that. It requires the decision from funding, whether that is wanted to be proceeded with.

Q230 Mr Clelland: The Northern Way, for instance, have said they believe it will be more beneficial to construct two North-South lines in England before extending to Scotland. What are your views on that?  
Mr Plummer: One thing, as you mentioned earlier in terms of work in the North and the Manchester Hub, we certainly think that is something that should be done in the much shorter term and a key part, as we would see, of our plans for the next control period from 2014. So any new lines going up the West or the East of the country would be beyond that because we can deliver significant improvements by refining the existing network before then.

Q231 Mr Clelland: What about the Trans-Pennine link? What are your views on that? Should this be an enforced priority?  
Mr Plummer: An important part of the whole work around the Manchester Hub would be about releasing capacity and making better use of capacity for flows across the Pennines and between all of the cities in the North. A new line across the Pennines is a different proposition and if we do those earlier things I think the case for that would be weaker eventually in terms of the order of how you do it.

Q232 Mr Clelland: What account does Network Rail take of other aspects of Government policy when planning or thinking about planning new
lines? Obviously we have heard in discussions about high-speed lines what great benefits they will bring to the city to be served and some people think the opposite to that will be the fact that those cities not served by it would therefore be at a disadvantage. Does Network Rail take account of Government’s regional policy, for instance, when looking at things like this?

**Mr Coucher:** Let us be quite frank and open. We did a high-speed report not as a definitive answer to the problem out there, it was something to inform the debate. We know that at the end of the day decisions about the precise route, where you go, which markets you serve, is down to the Government both here and in Scotland if it went that far, so we are not presumptuous to say, “This is what you should do,” and we tend to look at things from a fairly railway-specific issue. We know absolutely that Government needs to take on board regional space planning, all other type of local developments and the economic benefits driven by bringing towns closer together, which we cannot do. So our piece of work was designed to inform the debate, not to be the definitive answer, so we hope that Government listens to what we have got to say. We think it is a well-thought out piece of analysis, but it is only analysis and we would like them to tell you.

Q233 Mr Clelland: But it would not be the end of the world if the Government decided, for all sorts of other reasons, that the priority was to do high-speed rail on the East Coast Line rather than the West Coast Line?

**Mr Coucher:** No, that is what governments are here for. We are mere railway people and we run a service for passengers. Decisions like that are reserved, obviously, for Government.

Q234 Mr Martlew: I want to just touch briefly on the job losses. Is it not a fact that the Office of the Rail Regulator thinks that Network Rail is not very efficient and they are actually cutting your money and that is the reason some of these redundancies are taking place?

**Mr Coucher:** The Regulator sets us an efficiency target. We have never disagreed with the amount of cost to be coming out of the railways. The disagreement we had with the Regulator is the speed at which it can come out. There are people around the world who do the same bits of work on a like for like basis a lot better. They tend to be smaller countries and they tend to be where there has been a sustained level of investment from government for many decades, so we have got a period of time to catch up. Our argument was not how we can save money but how quickly it can come out, but we simply do not need all the people we have got. In 2002 when we took over Railtrack we inherited a 4,000 mile backlog in track renewals so for the last five years we have been removing that backlog. That has now gone, so we do not have the same level of work that we need to be getting on with.

Q235 Mr Martlew: We can take it from that that what you are really saying is that the redundancies are being made over a shorter time than you would like, the Office of the Rail Regulator is insisting on that?

**Mr Coucher:** No.

Q236 Mr Martlew: Are they supporting you then?

**Mr Coucher:** No, at the end of the day we accepted the periodic determination. If we genuinely believed that we could not do what was expected of us safely and reliably, we would have rejected the determination by the Regulator, but we were satisfied that we could meet everything that was required of us in terms of building a bigger, better, high-performing railway for the amount of money we have got.

Q237 Mr Martlew: Can I come on now to rolling stock and the need for new rolling stock? I think you have commented there is no sense in having a good railway line if there is nothing running on it. Do you think the Government should have a major role in the involvement in rolling stock?

**Mr Coucher:** Somebody needs to take a lead on working out precisely the rolling stock that is required, not just in the short-term but in the long-term. Rolling stock is a capital decision which will last 40 years, so you have got to be quite clear about the markets you are going to serve, the route it is going to serve, and when you do buy it how it is going to fit with the infrastructure and meeting future needs. That is a long-term planning decision that needs to be taken. Increasingly, Network Rail is getting involved in helping the DfT decide those types of priorities and making sure that we end up having the right rolling stock in the right location with the right infrastructure to meet the passengers’ needs, but it has got to be planned and it probably cannot be left to the Train Operating Companies, who will tend to buy stuff which serves local markets and you end up having surplus capacity in the wrong location and driving cost into the industry.

Q238 Mr Martlew: A final point, totally separate. There has always been a case for dedicated freight lines. Can you see a time when we will actually build one?

**Mr Coucher:** Perhaps I will ask Paul to say something about this because Paul has looked at this from having a strategic freight network and what it might mean.

**Mr Plummer:** We have been working very hard with train operators and freight users to develop what we do call a Strategic Freight Network, which is not about purely dedicated freight lines but it is about being clearer on how we are going to use the overall capacity we have to better serve both freight users and passenger users. So we have £220 million of funding in the current Control Period and we will make a case as part of that for further funding in the longer term to move towards that vision of a strategic freight network, which is not, as I say, quite dedicated but it is more intensively used for freight and has the capability in terms of gauge works to
enable us to get all of the freight we would need on those routes, but you would not see developing a major purely dedicated freight route in the way you imply.

Mr Martlew: Thank you, Chairman.

Q239 Mr Leech: Sorry, I would like to bring you back to job losses as well, I am afraid. It has been suggested in the past that overruns on work has sometimes been due to a lack of available staff with the necessary skills to do the jobs. Is there a danger that there will be some jobs that are going to disappear which will also lead to a skills loss which in the long-term may actually prove quite detrimental to Network Rail?

Mr Coucher: That is a very good question. In 2008 we appeared before the Select Committee and were given a hard time about our overruns at Rugby, where there was a shortage of resource that we could not fill at short notice and since then we have changed what we do and how we do it and we meticulously plan the manpower requirements and since then we have delivered several billion pounds of investment without the overruns we experienced in those areas. So when we look forward to the resource requirements we need not just for maintaining the railway but building it, we think long and hard. Let me give you an example. At the end of the West Coast programme we finished last year we had a gang of people who are capable of doing electrified railways. We have held onto those people in the full expectation we have got a programme of electrification which we will need those people for, so we do look long-term into the future as to what we need. But we are taking some heads out, but I want to be quite clear, this is roughly 10 or 15% of the people, it is not massive in the totality of our workforce. I understand if you are one of the 1500 people it is going to be painful and it is difficult, and we will try and redeploy you. What we would really like to get people to do is no longer to do the maintenance, where we can find efficiencies, but take those people and do some of this expanding work like Thameslink, like electrification. So we do plan very carefully and we are acutely aware of the skills loss to which you refer.

Q240 Mr Leech: How many of the job losses will actually be due to different maintenance practices or improvements in the process that do not require the same number of people? What proportion are actually going to be just literally job cuts, that you just cannot afford any more?

Mr Coucher: The jobs we are taking out of the organisation, the posts we are taking out are the result of improved efficiencies. We are not cutting back on the work volumes, we are using technology to do tasks which in the past have been done labour-intensively, so we are introducing new technology to do the same work. We are just doing the same amount of work with less people, so we are not cutting back on what we do, it is just efficiencies in what we are doing. We will create a pool of people. We will try to find work to put them on where it is about building new railways, but we have to be slightly careful about that because a lot of our growth, notwithstanding Angela’s question about priorities in the South, a lot of our investment work is in the South of England and at the moment we have got surplus people elsewhere in the country. So we are trying to find a match there, but the direct answer to your question is that all the jobs we are losing is as a result of the efficiencies and not work being cut back or deferred.

Q241 Mr Leech: Moving on to high-speed rail, what potential savings would be available on necessary work on the East Coast Main Line if a single High-Speed 2 line were to go up the East Coast rather than the West Coast?

Mr Coucher: What we have said is if you build a new piece of railway, a new dedicated high-speed line, whether it is West Coast or East Coast, in the first instance you would serve the markets they are currently serving with a new high-speed service and you would end up releasing capacity on what are the older lines and then in the short to medium term you would start to put on additional trains to serve growing markets of commuting and inter-urban rather than the intercities. Whilst you might get a short-term reduction in the amount of maintenance and renewals on those tracks, it will be filled up by putting more and more trains to meet growing demand. That is why we are trying to build a railway in the first place that is driven by demand.

Q242 Mr Leech: So the work that is required on the East Coast Main Line, all of the renewal and enhancements that need doing on the East Coast Main Line would still have to go ahead even if there was a single line that went up the East Coast?

Mr Coucher: Yes, the answer to your question is, if it is routine maintenance and renewals, which we only do to keep the line safe and reliable and when it is worn out we replace it, that would carry on. The reason we looked at the West Coast, the new bit of the West Coast for a high-speed line is because as we start to think about improvements we need to make going forward in the medium term we start to come to these questions which say, “If you built a new high-speed line would you need to make investment at that location?” and therefore we might waste money if we spend that. On the East Coast we still believe the interventions we are doing at the moment are required to meet the short and medium term requirements of commuters largely coming into King’s Cross and to Leeds and the York area. So we think those would still be required anyway.

Q243 Mr Leech: Do you feel that Network Rail is properly involved in the decision-making about the potential route or routes for High-Speed 2?

Mr Coucher: Yes.

Q244 Sir Peter Soulsby: You recently published your RUS on electrification and you made a very powerful and detailed case for electrification of the Midland Main Line and the London infill scheme
and some others. Can you just explain briefly why you think they are so important and what the benefits are from them?

**Mr Plummer:** The benefit and business case for electrification, the most important part of that is actually driving out cost in the long-term, so actually it reduces the long-term cost of running the railway. It provides additional capacity and faster journey times through better acceleration, and so on, and there are environmental benefits, but the main business case is about reducing costs. It reduces the procurement cost of the rolling stock in terms of buying electric rolling stock instead of diesels and it reduces the maintenance cost and running costs for that as well. So that is the key point. The other point I would emphasise in that context is that the timing of what you do first depends very much on the interaction between the timing of when the rolling stock needs to be replaced and that comes back to the point Mr Coucher raised earlier about the need to integrate the plans for the rolling stock with the plans for the rolling infrastructure so we get that right.

**Q245 Sir Peter Soulsby:** With the Midland Main Line this is to do with the high-speed trains, the 125s, but is it also not the case that the fact that the Midland Main Line is already electrified as far as Bedford does help to tip the balance and give that a very high priority?

**Mr Plummer:** It helped enormously. You get a relatively large number of train miles electrified for a relatively small number of track miles electrified, so the benefit to cost ratio makes that a very strong business case, yes.

**Q246 Sir Peter Soulsby:** I understood there was also a case for the greater use of that line for freight, particularly if the gauge is improved as part of the scheme. Could you explain how that relates to it?

**Mr Plummer:** One of the studies we are looking at as part of the strategic network is about how we get freight north from London, including how we get freight north from London, including how we get freight from HS1 and through the tunnel north into the rest of the country. So we are looking at what the best routing for that would be and it may well be that that involves part of the Midland Main Line. So one of the issues there about the interaction between the two things is that if you are electrifying then you at the same time want to be doing any work on the gauge of the network to allow the containers through.

**Q247 Sir Peter Soulsby:** In planning for electrification with the commitment there already is, the Great Western and the Manchester-Liverpool line, am I right in saying it makes good sense to be making an early commitment to the Midland Main Line and indeed these other schemes so that you can programme on from the Great Western and the other electrification schemes?

**Mr Plummer:** That is certainly the case and certainly, as part of the discussion we had for the next control period, it is likely to be an important part of what we would be recommending there.

**Sir Peter Soulsby:** Thank you.

**Q248 Ms Smith:** My final question. Much of what you have all been saying today appears to be based upon a business model that responds to demand rather than seeing rail investment as a proactive means of encouraging economic development, bringing cities closer together so that they can grow and develop the economy, and so on. Have you any comments on that?

**Mr Coucher:** Yes, I apologise if it has come across in that way. To some extent a lot of our investment more recently has been about the need to provide additional capacity and the reason we do that is because there is demand out there and people want to travel. People want to travel because rail is a better form of transport and competes very well with road and air. Our remit is to some extent limited by that. That is what we are here to do, but increasingly we know absolutely investment in rail does a whole bunch of other things. It drives economic development, it is good for the economy and it improves the quality of life in the UK, and we need to be more positive in selling those aspects if we are to convince the taxpayers to support investment in rail. There are wider benefits not just for those people who use rail, but we decongest cities, we decongest roads and I think you have thrown down the gauntlet to us to pick up and represent rail benefits more widely.

**Mr Plummer:** May I add to that, because I think many of the things we have been delivering, or delivering in the current Control Period are catching up on some of the investment there has been a strong case for. So it is about responding to demand. Some of the things we are looking at now, and the Manchester Hub is a really good example where we have an effective way of saying, “If you could do this, if the railway could do this, it would deliver substantial value,” and I think it is for us then to come up with a solution and looking at other areas across the country where local bodies, be they regional authorities, RDAs, or whatever it is, can say, “Well, actually if you could do this, if the railway could do this, that would add this value to the economy, to the environment, and we can then come up with the solution.” I think that can be very powerful.

**Q249 Sir Peter Soulsby:** I asked ATOC earlier on about their report on connecting communities and the possibility of opening up some lines that already exist for passenger use. Do you think they are right in their assessment of the benefits of those schemes and are they also right when they say that similar schemes have produced in other places greater passenger use than was even anticipated?

**Mr Plummer:** I think in principle, yes, and what we have said with them is that we want to look at those specific examples and certainly that sort of thing as part of the individual route utilisation strategies as we go round and do that. That is an important part of the next generation of RUSs (as we call it) which will be focused one around the London, South East, one around the North and in Scotland and Wales.
That is how we would like to be taking that forward with them. In principle, I think there is something there. The specific examples, we have not yet looked at those.

Sir Peter Soulsby: Just as long as you miss out the East Midlands in between!

Q250 Chairman: In your Planning Ahead document you talk about the importance of integration with other modes of transport. Can you give me any specific examples of what you would like to see?

Mr Coucher: Well, our customers and our stakeholders and our travellers are increasingly telling us that getting onto rail is somehow difficult, that they would choose rail a lot more willingly if the connections into the stations were better and that can be as simple as car parks, providing more car parks, providing improvements in the area connecting with buses, also making the timetable a lot better with the public transport as well. So as we make the railway more reliable and dependable the passengers are now wanting better things, and quite right, too, so we have to go away and make sure that transport is integrated. We understand that if we are to continue to get the support of taxpayers to invest in the railway we have to improve not just the railway but how it connects into the cities and other forms of transport, and for us that is a no brainer. If we could make good links into public transport on the buses, they will come on the railways and we can provide a bigger and better railway, so it has to be done, and to be entirely candid this was not a priority when we first started five years ago, it was sorting the basics out, and now we are turning our attention to improving stations, improving facilities and improving connections at the locations.

Q251 Chairman: We have mentioned the Manchester Hub project. How important is that?

Mr Coucher: It is hugely important as far as I am concerned. Thameslink is the one that is under construction now because we have got a pressing need for the commuters of South East England and whilst high-speed rail is something which is important, the next big thing for us is sorting out Manchester and Leeds and that has got to be the priority, and that is why we are both excited about it and want to get on and do it. So it is coming up and we are looking forward to the outcome. The conclusions to the report will be published in January.

Chairman: Thank you very much. Thank you for coming.
Wednesday 25 November 2009

Members present
Mrs Louise Ellman, in the Chair
Mr David Clelland
Rt Hon Jeffrey M Donaldson
Mr Philip Hollobone
Mr John Leech
Mr Eric Martlew

Mark Pritchard
Ms Angela C Smith
Sir Peter Soulsby
Graham Stringer

Witnesses: Ms Maggie Simpson, Policy Manager, Rail Freight Group, Mr Graham Smith, Planning Director, DB Schenker Rail (UK) Ltd and Mr Christopher Snelling, Head of Rail Freight and Global Supply Chain Policy, Freight Transport Association, gave evidence.

Chairman: Good afternoon and welcome to the Transport Select Committee. Do Members have any interests to declare?

Mr Clelland: Member of Unite.
Mr Martlew: Member of Unite and GMB unions.
Graham Stringer: Member of Unite.
Ms Smith: Member of GMB and Unison.

Q252 Chairman: Louise Ellman, member of Unite. Would our witnesses please identify themselves?

Mr Smith: My name is Graham Smith and I am the Planning Director for DB Schenker Rail (UK) previously known as English, Welsh and Scottish Railway.
Ms Simpson: Maggie Simpson, I am the Policy Manager at the Rail Freight Group.
Mr Snelling: Christopher Snelling, I am the Head of Rail Freight and Global Supply Chain Policy at the Freight Transport Association.

Q253 Chairman: The percentage of freight carried by rail has increased in recent years but still only 12% of surface freight goes by rail. Why is that figure so low?

Mr Smith: If I may say because the distance of most freight journeys is less than 50 miles and whilst freight can be competitive over short distances with an intensive use of assets and high volumes, we would not usually look to move traffic of less than 50 miles, and I think around 50% of surface freight or more is moving less than 50 miles.

Q254 Chairman: Does that mean that you are saying there is not much scope to put more freight on rail overall or are we just talking about particular types of journeys?

Mr Smith: There is significant scope to put more freight on rail, whether its consumer goods and international traffic where we see significant growth, or in the bulk material market where rail freight has always been strong, there is a significant opportunity. If you look at the freight forecasts that are contained in Network Rail’s freight RUS\(^1\) or its long-distance scenarios, we anticipate a doubling of rail freight over the next 30 years and the rail industry’s Planning Ahead document, put together by Network Rail, ATOC and the Rail Freight Operators Association anticipated an increase in market share from 11.5% to 20%.

Q255 Chairman: What needs to happen to enable that doubling to take place?

Ms Simpson: There are a whole number of things that need to take place. The first part is investment in the network to make sure we can run efficient rail freight services. Some of that is about providing capacity alongside the other users of the network. Some of it is about improving the efficiency of rail freight through enabling, particularly with the investment at the moment, modern high-gauge containers to be carried, for example, longer trains to get more boxes on each train, and this reduces the cost of rail relative to the cost of road. Particularly for the domestic traffic to which Graham has just alluded, particularly supermarket goods about having modern efficient terminals which can handle rail freight next to the warehousing which it is intending to go into anyway without the need for additional road legs, again this reduces the cost of rail freight so that it can compete fairly with road.

Q256 Chairman: Who should be providing the terminals?

Ms Simpson: I think there is an appetite in the private sector to provide those terminals, to build the warehousing and the associated facilities and there are various barriers to them doing that, not least the planning system and the tortuous process which many of them have been facing, certainly in recent years, to get planning permission for such facilities.

Mr Snelling: On the question of making more use of it, we seek to represent the customers of rail freight and the central issue that we are always looking at is cost. The environmental agenda is driving people to want to make use of rail. There is a lot of desire there on the part of British business, but it will only be used if it is at least cost neutral with road, and the route to that is some of the elements that Maggie has identified. If we can spend on the right infrastructure we can improve the size of the trains which reduces the unit costs and we can get the comparable costs that we need.

---

\(^{1}\) RUS—Route Utilisation Strategy
Q257 Chairman: What kind of investment is needed and what should be done by the private sector and what should be done by the public sector?

Mr Snelling: I believe the public sector needs to lead on improving the infrastructure for the open access network. Obviously there we are talking about gauge clearance and we are talking about increasing capacity, everything that can allow larger, longer trains more frequently to travel using lower cost equipment and that is used as standard rather than tailor-made to make a route work. Where the private investment should come in is in the development of rail freight terminals. That development should be led by the private sector as they can determine exactly where that is best needed. Those can be run as commercial concerns, albeit with some government support through grants, where there will be environmental benefits achieved, and that should be led by the private sector.

Q258 Chairman: Why has there not been more progress? Is this a failure of the private sector or the public sector?

Mr Snelling: I would say across rail freight and the network in general there has been huge progress. We have seen a massive increase in rail freight over the last 10 years. There have been recent works done in the last four or five years to improve spending on the infrastructure generally across the network, and what we are seeing today with the SFN\(^2\) having started its work in April this year is hugely positive. Why we have not made more progress on rail freight terminals, the access to the network, I would put that down to the planning system. It is too slow and too cumbersome.

Q259 Mr Clelland: Realistically, what percentage of freight which is currently carried by road could be shifted to rail?

Mr Smith: The Planning Ahead document, which I referred to earlier, said that rail could easily get a 20% market share which will be nearer to 30% or 35% for long-distance freight.

Q260 Mr Clelland: What percentage do they have now?

Mr Smith: 11.5%.

Q261 Mr Clelland: So you are talking about another 9%?

Mr Smith: Yes, particularly in the long distance traffic from Europe through the Channel Tunnel and inter-modal traffic through the deep sea ports around the country. That is one of the reasons for example that the Port of Felixstowe has committed to invest in doubling the branch line from Ipswich to Felixstowe and to increasing the gauge of the network so as to enable more deep sea containers to move by rail from Felixstowe throughout the country.

Q262 Mr Leech: Just playing devil’s advocate for a second, if we can only ever really expect to reach 20% freight on the railways, is it really worth all the extra investment that is required to move just another 9% on to the railways?

Mr Smith: Another 9%—that would be round about another 120 million tonnes. I think that would be approximately—

Q263 Mr Leech: What is the equivalent number of lorries that would come off the road for that?

Mr Smith: I will just have to check my statistics. Have you got that figure?

Ms Simpson: I have not got that number to hand, but if we talked about carbon for a moment, the current volume of rail freight on the networks, we believe, saves about two/two and a half million tonnes of carbon a year, so if we double that we are saving another two/two and a half million tonnes of carbon a year. DfT statistics say that rail freight on average produces 70% less carbon than road freight. So even if we could only move another 10%, we are talking about taking 70% of the carbon out of 10% of the UK’s logistics transportation, which given the targets that we have got to meet is quite significant. Road freight at the moment is 7% of the UK’s overall emissions from all sources, and there is not yet a clear view on how that will be significantly decarbonised in the future. We talk about aerodynamics and low-rolling resistance tyres, and they have a place, but the DfT are struggling to find the magic answer to decarbonising road freight. So we would say that even if it is only 9% that is quite a lot of carbon that we could save.

Mr Smith: I have the figures here. It would mean another seven million lorry journeys saved and 1.4 billion lorry kilometres saved, and when you say “all that investment” the Strategic Freight Network investment for the next five years amounts to £208 million. That is less than 1% of the overall investment going into the railways in that period.

Mr Leech: I was not saying I necessarily agreed with it; I was putting the question.

Q264 Mr Martlew: Stobart are in my constituency and obviously with EWS\(^3\) they are starting the movement in from the Continent, but when you say about costs, does rail freight pay its way on the railways or is it very heavily subsidised? I am very conscious of it because unfortunately I live right next to the railway and big and often very old coal containers go by and the pounding that that gives the West Coast Main Line is tremendous. Are you really paying your way on the railways or are you highly subsidised by the fact that there is a lot of damage done to the track by yourselves?

Mr Smith: We receive no subsidy other than an environmental grant of £20 million a year. The track access charges that we pay are determined by the Office of Rail Regulation and the information from Network Rail, but we pay every penny of wear and tear that we cause to the railway.

---

2 SFN—Strategic Freight Network

3 EWS Railway
Q265 Mr Martlew: Unlike the passenger side you are not subsidised?

Mr Smith: Not subsidised. We are not a franchise. We bought it for good or for bad. I think it is also fair to say that the 1962 coal wagons that you refer to, of very low capacity, are very near the end of their lives and all freight operators move coal in wagons with low track force bogies conveying 100\(^4\) tonnes per wagon, so the amount of damage that freight vehicles do to the track is very much less than it used to be but it is all covered in the access charges that we pay to Network Rail.

Q266 Mr Martlew: On the issue of coal and taking coal to the power stations, as we go towards carbon neutral we accept that business is going to disappear to a great extent. Do you accept that?

Mr Smith: I do not accept that coal will disappear.

Q267 Mr Martlew: It will reduce considerably.

Mr Smith: It may well reduce depending on the success of the carbon capture programme that this Government has initiated. Coal and coal by rail has been written off many, many times in my 30-year railway career and it still keeps going, and it is the staple diet of all the rail freight operators. One anticipates that with the carbon agenda being what it is, then the demand for coal will reduce but could well be replaced by, for example, biomass and the need to move that kind of material to power stations, which has roughly double the volume that coal has.

Q268 Mr Martlew: I could get into an argument about where biomass should be changed into energy, but that is another one. You say that the traditional market may reduce, and I am suggesting it will: where is the new market for rail freight?

Ms Simpson: Just on the coal point, the forecast that Graham referred to earlier underlying that, if you look at the predictions for coal, it is basically level and tails off towards the end of the forecast period, so when we talk about doubling market share that is not coal. It is not even aggregates significantly, although depending on how the economy picks up in the construction world obviously aggregates goes up and down with that. The sectors that we predict can grow are continued growth out of the deep sea ports because every piece of analysis that is done suggests that we continue to be an import economy and there is market share to be had out of the deep sea ports, if the new developments at Tyne Tees and Bristol, for example, go ahead as planned from those ports as well as the conventional ones. In the movement of supermarket goods on their primary distribution haul between rail-linked warehousing up and down the UK. We already see that successfully on the Daventry to Scotland flows which were one train a day when I first came into rail freight a few years ago; there are 10 plus trains a day now. There will also be growth through the Channel Tunnel from the Continent. In the last few months we have seen three new services start. There is more optimism in that market than there has been for a number of years now, so those three sectors are where we would expect the growth to come.

Q269 Mr Martlew: The other issue is about the speed of freight. We are talking about the electrification of some of the lines. Would that be of assistance to you in not only being able to use electricity but would it speed up the travel times?

Mr Smith: We have argued not only for electrification of the main lines, and we are very supportive of the electrification of the Midland Main Line, in part because of course electrification brings with it gauge enhancement as well, which is advantageous to us. We have also argued strongly for infill electrification such as the route from Barking to Gospel Oak in London because most electrified routes in this country are radial routes from London whereas freight flows tend not to be very compliant and just follow passenger trains, they will cross boundaries and cross routes, so there are many routes in London, in the West Midlands and in the North West where one could electrify just a mile or five miles and in so doing enable us to use electric haulage where we are not able to at the moment.

Q270 Mr Martlew: That would speed it up?

Mr Smith: It would speed up the train. We would not need to change the locomotive and with the change in the nature of fuels used in electricity generation would also enhance our environmental credentials.

Q271 Graham Stringer: You mentioned the access charges and paying your way. The last time we did an inquiry on the freight industry we took written submissions that said that Network Rail’s access charges for freight were twice the level of the industry’s best practice internationally. Is that correct? Are you satisfied with the level of access charges?

Mr Smith: The access charges were reduced at the last periodic review following considerable research by the ORR, ourselves and Network Rail into international best practice. Network Rail’s costs (which drive the level of access charges) are still higher than you would find particularly in North America, South Africa and Australia. Arguments are made that they are not good comparisons with the United Kingdom because of topography and intensity of service but even comparisons with mainland Europe have Network Rail’s costs somewhat higher. That is why the ORR has been confident to set the efficiency improvement target on Network Rail during the next Control Period. We will continue to work with Network Rail to identify ways they can reduce their unit costs.

Q272 Graham Stringer: So how much were they reduced and are you satisfied with the levels now?

Mr Smith: They were reduced by about 35% compared with the last Control Period but they still represent the single largest external cost incurred by a rail freight operator, so any reduction would be welcome, but that will be very much driven by Network Rail’s costs because, as I responded to Mr

\(^4\) Note by witness: this should be “70 tonnes”
Martlew, there is no other charge that we face other than the wear and tear that we impose. As our resources impose less wear and tear on the track, they will reduce, but the fundamental cause of reduction comes from Network Rail's lower costs.

Q273 Graham Stringer: If the charges were reduced by another 35% or down to the level that is best practice in North America, would that help modal transfer of freight from road to rail, and could you put any figures on that?

Mr Smith: It would be a significant help but it is difficult to say it would be exactly that amount of tonnes or that amount of tonne miles. There is not a direct correlation between one penny off costs equals another tonne on the railway, but when we talk about increasing our market share to 20%, then reducing our own costs as operators is as important as Network Rail reducing its costs. It would make a difference but it is difficult to quantify.

Q274 Ms Smith: A couple of comments have been made about the planning process. I have been on a local authority before and I know how planning applications can get bogged down for various reasons. Are there any patterns or themes emerging from the difficulties that you have experienced in terms of getting new terminal plans through the planning process?

Mr Snelling: I think the main thing we always see coming out of planning inquiries is just about the length of time that they take. To us it is purely a procedural issue in the way planning inquiries are set up and that they are allowed to take an inordinate amount of time.

Q275 Ms Smith: Are you talking about planning applications at board or are you talking about appeals and inquiries?

Mr Snelling: The whole process, everything to get through to a final decision.

Q276 Ms Smith: But there must be specific reasons why these applications get bogged down because there are deadlines set on planning applications. Local authorities are supposed to stay within guidelines and there has to be good reason for breaching deadlines for getting planning applications through the process.

Ms Simpson: Just in general terms, let us talk about where things are now. Obviously the planning system is changing with the Planning Act 2008 and the Infrastructure Planning Commission, but what has been happening is that even those local authorities who have good intent find it difficult to breach local disbenefits against benefits which are measured regionally or nationally, and that is always the case with a rail freight terminal because it is industrial, it has locomotives and engines coming in, it has lorries coming in and going out and it is visually intrusive to many people. Because a successful rail freight terminal has to be located near to a main railway line (part of the Strategic Freight Network, to use the current phraseology) and also close to the trunk road network, the sites for it are quite difficult to identify. Many of the ones that have come forward are in green belt, albeit that they are on former brown field sites, so there has generally been a lot of local opposition to those and many local authorities have found it, frankly, difficult to come to any decision and have often therefore waited until a period of time for non-determination and they have gone to appeal.

Q277 Ms Smith: Does the opposition tend to be organised? Are there any specific lobbying groups that get involved in fighting proposals, particularly when they are in green belt?

Ms Simpson: I think if you wanted to set up a consultancy thinking up good acronyms for groups to oppose rail freight terminals, you could make good money on it because it is inevitably organised. However, that is fine. People have a right to object to things that happen in their area.

Q278 Ms Smith: Sorry for interrupting but I am talking about nationally recognised lobbying groups not ones that are formulated locally—you will always get those in any planning application—but are there any big national organisations that tend to get involved in this?

Mr Snelling: For the most part it is local. As Maggie has outlined, the problem that you have is that locally there are very few benefits from it and there are a lot of issues. Nationally people can see that it is an environmentally good thing if you can build rail freight terminals and get freight onto the railways. That is why there is perhaps less of a national dimension compared to other controversial planning areas.

Q279 Ms Smith: So you do not get CPRE\(^1\) for instance intervening on the proposed terminal?

Ms Simpson: I am not aware that they do so on an organised basis.

Q280 Chairman: Are there any other national organisations who automatically get involved?

Mr Smith: I cannot think of any, for the reasons that Christopher said, which is someone like CPRE, whilst perhaps taking issue with the effect of a local site, is very supportive, for example, of moving freight by rail because of the reduced impact on the environment that it will cause everywhere else. They are somewhat torn and, by and large, they tend to keep out of the inquiries.

Q281 Ms Smith: Do I take it from what you have been saying that you are broadly in favour of the changing arrangements for determining applications that relate to a national interest?

Mr Smith: We are certainly in favour of national policy statements. I think the absence of national policy statements is one of the reasons that there had been issues in rail freight terminals in the past because local authorities have not been sure whether

---

\(^1\) CPRE—Campaign to Protect Rural England
they are for it, against or stunningly neutral. The NPS when it is issued, although it will directly relate to rail freight sites in excess of 60 hectares, is very likely to say, as does the DfT’s recent document on the Strategic Freight Network that rail freight and rail freight terminals are a good thing and it would be helpful for all levels of local administration to support it. In terms of the Planning Commission, we do not have any experience of that, but a process, whether it is a planning commission or whether it is a private bill in Parliament or a hybrid bill which enables something to be dealt with democratically but quickly and effectively, has got to be welcomed for something of strategic national importance.

### Q282 Ms Smith

You referred earlier to the tendency for freight to be thought of in terms of routes in and out of London and north-south. Is there an argument for building more freight capacity east-west so, for example, from Immingham, which is one of the biggest container ports in the country, and a deep water port as well, to Liverpool? Is there a strong argument for trying to shift some of that traffic east-west?

**Mr Smith:** East-west via one of the trans-Pennine routes or north-east south-west via the cross-country route. Both of those have heavy freight flows whether it is steel or coal or containers. The Strategic Freight Network, to which I referred earlier on, one of its schemes in the next five years will be to gauge-enhance the north-east south-west route between Birmingham and Doncaster and therefore link into other gauge-enhanced routes. There is a scheme within the high-level output specification to create a grade-separated junction to enable coal trains from Immingham to access the Aire Valley power stations without travelling on the East Coast Main Line. One of the basic philosophies of the Strategic Freight Network is to separate freight and passenger services where that is practical and sensible. In the end this is a mixed use network in this country so we will be sharing tracks with the passenger railway, but if it can be separated that would be a good thing.

### Q283 Ms Smith

In terms of achieving what Mr Stringer was referring to earlier, getting freight to some extent off the roads and on to rail, would improved east-west freight capacity deliver some of that agenda as well?

**Ms Simpson:** Freight wants to go to centres of consumption. The exception to that is coal because power stations are where power stations are and they are driven by demographics of rivers and what have you. In terms of the market that we are seeking to attract at the newer sectors, they go into the city regions—Manchester, Liverpool, Leeds, Birmingham and such like. One of the issues is that is also where the passengers want to go and that is why we are coming up against capacity constraints in certain places, but certainly there is no more reason why the routes that you referred to should not be used for the movement of goods into the cities of the North West and the Midlands than there is coming from the South East and up that way. Certainly it is not an area where there has been much inter-modal traffic in the past but I think we can all see that there are opportunities to grow that in the future.

### Q284 Chairman

In the written evidence you have given us from the Rail Freight Group you say that companies are not involved in investment decisions on rail taken by Network Rail. How would you want the process of decision-making to be changed?

**Ms Simpson:** I think if you talked to people who wished to build rail-connected terminals, for example, one of the issues that they face, both in terms of what they get out of the planning inquiries but also in terms of getting their own boards to release money and what have you, is if you spend all this money building a rail-linked site here, can you guarantee that there will be rail paths available in the future to serve it at the levels which you are predicting. There is no real way that those developers can get surety of that through the systems and processes which exist. Network Rail does a very good job on consultation but its group with which it tends to consult traditionally has been rail freight operators, quite reasonably, and groups like ourselves. I think Network Rail are beginning now to widen the scope of that, particularly to those deep sea ports who have investment commitments such as Hutchison Ports.

### Q285 Chairman

When you say “widen the scope”, what do you mean? Is the consultation process changing?

**Ms Simpson:** Yes, I think so, because Network Rail are an infrastructure manager, they are not an international logistics company, with all respect to them, and so to expect them to understand where the optimum site for locating warehouses would be unreasonable, so I would think that it would be reasonable for them to consult those people who do perhaps more than they have done in the past.

**Mr Snelling:** Just on that I would say that, alongside my colleagues, we are part of the Strategic Freight Network’s Management Group that Network Rail has set up and we have had a very positive experience as being part of that in helping direct the in-principle shape of the SFN, which has been very positive to us. It is also worth noting that we are in dialogue with Network Rail working on a project to help brief their staff across the board about the needs of freight in general rather than simply railway-specific actions, as they want to increase the level of understanding of the needs of the logistics industry. I think we are seeing very positive signs from Network Rail at the moment about their engagement with freight.

### Q286 Mr Leech

I would like to move on to High Speed Rail. Has there been any consultation from High Speed Two with the different rail freight organisations?
Mr Smith: Yes, we have met High Speed Two on two occasions in a formal consultation and had a number of bilateral meetings with the senior team—Professor McNaughton, Alison Munro and their support team—and we have argued that we would like to see freight on HS2 for its gauge capability. We do not anticipate running freight during the day on HS2 but to have a high-gauge European-gauge facility into the Midlands would be very important. Equally important is for freight to be able to use the capacity that would be released by HS2, particularly on the West Coast Main Line, given the large number of distribution terminals that you will find in the West Midlands and the North West.

Q287 Mr Leech: How do you react to the reports that suggest they are not going to suggest that rail freight should be able to run on the new high speed line?
Ms Simpson: I think that it will be a disappointing outcome because I think that the high-gauge opportunity is a good one for freight. I think what we need to see, as Graham has alluded to, is what it will mean for freight in terms of the conventional network, because ultimately what freight wants to do is get up the country, and if it is not going to be able to do that on High Speed Two then it would be good if it could do it on released capacity on the conventional network.

Q288 Mr Leech: Can you see any reason why rail freight should not be run at night on high speed lines that are going to be used for passengers during the day only?
Mr Smith: It would perhaps depend on the maintenance renewal regime that is adopted by High Speed Two but we anticipate running freight trains on High Speed One from next year once we have modified electric locomotives to be compatible with HS1 signalling, for two reasons: one, because HS1 offers the same gauge as mainland Europe so for the first time since the railways were built in this country we can bring mainline European-gauge wagons from the far side of Europe into east London, and it is a more direct route into London rather than via the congested routes south of the river. However, if HS2 adopts a maintenance and renewal regime which blocks the entire line all night every night then clearly that would present some difficulties for us.

Q289 Mr Leech: Have you made any calculations as to what additional capacity could be available for freight on the conventional existing network with the High Speed Two network?
Mr Smith: We have asked HS2 to do that because we do not yet know what their service specification will be and therefore what passenger services they would then remove from the conventional network. They will want to retain some conventional services to serve destinations such as Milton Keynes which will not be served by the high speed line, but I imagine that would release quite a lot of capacity for services to Northampton as well and a significant number for freight, but exactly what that number is we do not know until HS2 make their report.

Q290 Mr Leech: Is capacity the major reason why you cannot get more freight onto the railways or are there specific parts of the network where capacity is the particular problem about getting additional freight onto the railways?
Mr Smith: There are no routes at the moment that have been declared congested in accordance with European Directives and, by and large, we can get all the trains we want to on to the network, albeit not necessarily at exactly the time that we want it, but if the growth in passenger and freight is going to be as anticipated in various industry planning documents, we can certainly see routes such as the East Coast Main Line getting congested. There is a lot of demand for services on the East Coast Main Line, which is why investment is being made in the route that runs from Peterborough to Doncaster via Lincoln, and the West Coast Main Line will be popular as well. The Midland Main Line is busy but I think it can absorb more traffic in future.

Mr Snelling: Just to follow up on that. As Graham has identified, there is obviously some potential capacity and I would go back to what I said earlier, the factor keeping people off the railway at the moment is the cost of using it. That is where the SFN comes in as that seems the best mechanism for reducing the cost for the customer of using rail freight.

Q291 Chairman: Are you satisfied with the current plans for a Strategic Freight Network?
Mr Snelling: Yes, we think the current SFN that is underway and the DIT’s long-term planning document for the SFN are both excellent. We think it is exactly the right mechanism. It is working very well. The two things we are really looking for are for the existing funding for SFN to be protected and not taken but then also we are looking for funding for what you might call SFN2 in the following five-year period, hopefully at roughly a similar level for a relatively small amount of money, but it could deliver an enormous benefit to freight.

Q292 Chairman: Has there been any indication that the funding might be cut back or delayed?
Mr Snelling: From what we see in the macro political and economic climate.

Q293 Chairman: Nothing has been said or indicated to you to make you believe there is any rowing back?
Mr Snelling: No.
Ms Simpson: No.
Mr Smith: The Strategic Freight Network funding, though, is part of the settlement for Control Period 4. That could be changed by an interim review. I am not aware that anybody has said that an interim review of Network Rail’s costs and charges would be implemented—there are very high hurdles—but that is a mechanism by which funding for the railways could change in this Control Period.
Q294 Chairman: Who has informed you that it could be changed?

Mr Smith: I know that by my reading of the rules relating to the regulatory review of the railways. Nobody has said to me that we are going to have an interim review or not going to have an interim review. I am just pointing out that is the mechanism for how funding for the railway could be changed.

Q295 Mr Martlew: I have listened very carefully. One thing you seem to have given up on is the traditional parcel traffic, the mail. What is happening now is more and more people are buying through the internet, it is put on from the depot into a large arctic, it is taken up to an area and split up and white van man takes it about. Basically you are saying you cannot compete in that particular market?

Mr Smith: I am delighted to say, on the contrary, DB Schenker will be operating services for the Royal Mail from next year, and we hope that we can agree with Royal Mail an expansion of the existing small number of services, so whilst mail was lost to rail a few years ago, it is now coming back on to rail, and if we can demonstrate that mail can be moved effectively by rail again, then parcels companies will be interested, whether that is domestic parcels traffic or international parcels traffic, from using rail once more.

Mr Martlew: That is good to hear, thank you.

Q296 Chairman: Do you have any initial comments on the draft National Policy Statement report that has now been published?

Ms Simpson: It is very early days and certainly we have not had a chance yet to speak to any of our members about it. I do not think it is the most exciting document I have ever read and I think it takes mode neutrality into an art form. I would have expected, given the type of carbon reduction targets we are talking about for Copenhagen, for it to have been slightly stronger in its support for modal shifts out of the major ports. I would imagine that it could be read as a fair document, but it is perhaps an opportunity missed.

Q297 Chairman: I assume you will be submitting your comments in the consultation?

Ms Simpson: We will.

Q298 Graham Stringer: We have had evidence again in previous inquiries, and I guess when we look at ports in some of our next inquiries we will be told that 60% of the freight landing in sea ports in the south of England ends up being transported by road north of Birmingham. Do you have a strategy or would you recommend a strategy to government as to how you could get, say, half of that freight off the roads? As opposed to what Mr Smith said at the beginning, and I am sure his figures were right, that is a lot of freight travelling a long way which must be becoming economic for the railways to deliver.

Mr Smith: It is important for the ports to treat rail and road equally in terms of the charges that they levy on handling freight within the ports. It is important that those ports also ensure that the rail facilities can maximise the use of rail and do not present a bottleneck. Ports of course are now governed by open access regulations so that they have to be fair in the way in which they allocate capacity between operators and fair in the charging that they levy. I think the ports—and I am not going to mention any by name—could help by having a stronger focus on rail and then I think it is for investment in the network to ensure, whether again that is funded by government or funded by the ports through existing commitments, that the routes from the ports can take the nine foot six containers and have sufficient capacity to move freight to the major centres of consumption.

Q299 Graham Stringer: So are you saying that really this is about investing in bigger gauges and more capacity generally in the rail lines from sea ports? Is that the answer?

Mr Smith: It is in part but it is also about ensuring that ports themselves can handle freight by rail quickly and effectively and that trains are not held or delayed by any shortcomings in port facilities.

Ms Simpson: If we looked at the gauge clearance that happened for Felixstowe, the only port that has it today via London, it is now hitting record levels of movements on rail. They are getting 10,000 containers a week out on rail despite the recession. That is a demonstration of how gauge clearance has helped. I would just like to add that when we talk about investment here for the ports, gauge clearance is an expensive business, and we know that, but there are lots of other things that can help improve capacity and capability out of port that are not expensive. There are some of the train lengthening programmes that incrementally add wagons here and wagons there. There is a £40 million budget allocated in CP4 for that that will get longer trains out of Felixstowe and Southampton. If Network Rail can organise its engineering work so there is always a route open from the deep sea ports, there is an appetite in the industry to run trains on Saturdays and Sundays, which does not happen now. That gives us an extra day and a half’s capacity essentially for free. There may need to be modest investment to get single-line working up and running, for example, but it is nowhere the scale of investment that we are having on major schemes. If we are going into a period where spending is likely to be restricted, and we do not know the extent of that but let us not pretend that it will not be, protecting schemes like that, pots of money which enable longer trains to run and pots of money which enable weekend operations/overnight operations to happen, deliver capacity for freight almost for free, and I think that that is an area where we have got to keep the pressure on.

Q300 Graham Stringer: Is the prohibition on weekend running just Network Rail maintaining the track?

Ms Simpson: Principally, yes.
Q301 Ms Smith: Just briefly, you mentioned earlier the pinch points in terms of freight carried, particularly in northern England and you mentioned the trans-Pennine link. Could you briefly elaborate on that and the importance of developing trans-Pennine links for freight?

Ms Simpson: Gauge clearance is obviously more difficult when you run through hills, bluntly, because the tunnels are smaller and tighter, so it is a more expensive proposition than it is to do it through the fens. That is obvious. One of the things that has always been slightly difficult for the ports on the north east corridor is that they tend, because they are what we call “short sea”, they are coming from the Continental ports, to be slightly different-sized containers to what is coming up deep sea, that is from Asia and the Far East and the Americas, so it has been a slightly different gauge profile. Also the volume is spread between a number of different ports. It is not consolidated like it is at Felixstowe, so the operating models have sometimes been a little bit more difficult to get going. I do not believe any of that is insurmountable.

Q302 Ms Smith: Immingham is a very major port, surely?

Ms Simpson: It has the biggest volumes of rail freight coming out of it of any place in the UK. It is just the majority of that is bulk and not containerised.

Q303 Ms Smith: But you did not refer to the trans-Pennine link and how that could help potentially.

Ms Simpson: There are issues that need to be resolved but it is a vitally important corridor for the growth of freight. Gauge is one issue. There are capacity issues as well. The Hope Valley route, the south trans-Pennine, is one of the candidate routes for looking at train lengthening at the moment to try and get more per train out, but it is a very busy route, as is the north trans-Pennine so I think that there will be some infrastructure works needed there. There are studies like the Manchester hub study as well looking at how you get into the city regions as well that will all help.

Chairman: Thank you very much for coming and answering our questions.

Witnesses: Chris Mole MP, Parliamentary Under Secretary of State and Mr Bob Linnard, Director, Rail Strategy, Department for Transport, gave evidence.

Q304 Chairman: Good afternoon. Would our witnesses identify themselves for the record, please.

Chris Mole: Chris Mole MP, Parliamentary Under Secretary of State.

Mr Linnard: Bob Linnard, Director of Rail Strategy at the Department.

Q305 Chairman: Thank you. Minister, do you want to make any initial statement or just to answer our questions?

Chris Mole: The kindest thing I could say would be that the rail ministers face the sorts of problems that I think ministers like to have. The challenges of growing demand for rail services, particularly increasing passenger ridership to 1.27 million passengers, gives us the sort of challenges we would rather have than the sort that perhaps some of my predecessors have faced in terms of declining numbers.

Q306 Chairman: Could you tell us clearly how firm your commitment is to the spending programmes that have been announced. Let us start with the Control Period 4 settlement. Is that binding?

Chris Mole: My understanding is that Control Period 4 is contractualised in our relationship with Network Rail and cannot change.

Q307 Chairman: There is no possibility of that changing.

Chris Mole: I think it would be extremely unlikely.

Q308 Chairman: Is there any prospect of any change in plans for the Thameslink Project?

Chris Mole: Any aspects that are funded through Control Period 4 should be in place, yes.

Q309 Chairman: Should be.

Chris Mole: Should stay in place, yes. I can see no reason why they would not.

Q310 Chairman: Is there any possibility of a change to the current plans?

Chris Mole: No.

Q311 Chairman: No?

Chris Mole: No.

Q312 Chairman: Could you say it a bit louder?

Chris Mole: I am sorry?

Q313 Chairman: You said no.

Chris Mole: I said no, yes.

Q314 Chairman: Crossrail?

Chris Mole: Again if there are aspects that have been funded through CP4, then those funds are the Network Rail for the foreseeable future.

Q315 Chairman: Are there any other aspects that are not funded through CP4?

Chris Mole: We can talk about Control Period 5, but that is a matter for future negotiations.

Q316 Chairman: On the current plans for Crossrail, is there a possibility of any change, any delay, any downgrading?

Chris Mole: Not in any of the works that are currently underway. We have started work on stations and planning for where the tunnel boring equipment will go and that sort of thing.
Q317 Chairman: You said “currently underway.” Is anything currently promised? Are there going to be any cutbacks?

Chris Mole: There are works that are underway. Those works will be delivered through the resources that are there for that purpose. We have no plans to change them.

Q318 Chairman: So there are no changes.

Chris Mole: No.

Q319 Chairman: Definitely not.

Chris Mole: No.

Q320 Chairman: Because that does not accord with some of the stories flying around.

Chris Mole: Well, I think we all face media speculation on all sorts of fronts all the time, but we have no reason to want to suggest that there is any change of heart from the Government. The Government is completely committed to Crossrail and Thameslink.

Q321 Chairman: There are no discussions taking place in the Department about reductions in planned expenditure.

Chris Mole: No.

Q322 Chairman: No.

Chris Mole: No.

Chairman: Mr Clelland.

Q323 Mr Clelland: I take it from what you have said, Minister, that you believe that the balance between government investment in London and other regions is fair and appropriate.

Chris Mole: If you look at the fact that something like 70% to 80% of rail journeys start or end in London, you can understand why an awful lot of investment goes into the infrastructure to enable those journeys to get people to and from other parts of the United Kingdom.

Q324 Mr Clelland: In the past five years transport spending has risen by 57% but by 25% in the Midlands and the North. Do you think that is appropriate?

Chris Mole: I look at the comparison between the different regions. By and large they all lie somewhere between £200 and £300 per capita.

Q325 Mr Clelland: It is £836 in London.

Chris Mole: That is not the figure that I have.

Q326 Mr Clelland: That is something like three times as much.

Chris Mole: The figure I have for London is £781. If you compare the North West with my own region, which is Eastern, the North West gets £276 and Eastern gets £211, so they are all broadly in the ball park, but London obviously is special. It is the capital, it has significantly more public transport needs than other parts, and those needs meet national requirements.

Q327 Chairman: Minister, if you just look at one of our recent reports, you will see there that we record quite clearly, taking our figures from published statistics, that London receives more than three times the amount of funding for transport that goes to the North and to the West Midlands. Those are very strong figures. The Committee expressed great concern about that differential. It would be of great concern to us if we were to feel that ministers thought that was a satisfactory situation. Are you telling us that you think it is?

Chris Mole: We try to ensure that the investment goes to meet the needs of all the regions appropriately, to ensure that the outcomes in terms of service for all of the regions are balanced.

Q328 Chairman: You think it is appropriate that three times as much is spent in London than in the North—and the gap is widening. Do you think that is appropriate to meet the needs of the whole country, including the needs of the regions which are part of the whole country?

Chris Mole: If you look at the pressures that are on the rail network and, indeed, the transport network in general in the capital, then you need a serious amount of investment to ensure that our capital is able to function in the way that people expect public transport systems in capitals to function but, also, to provide that interconnectivity and through-connectivity that is so much of a part of the role of the transport system in London.

Q329 Mr Clelland: We can all accept that London is a special case, but it is a question of whether the balance is right. For instance, there have been no new carriages delivered to northern trains in the last five years, whereas the southern train operating companies have received 500. There is a complete imbalance in the treatment for the regions and London in this respect, is there not?

Chris Mole: We have a very high commuting demand in London—with a peak that lasts for three hours—in comparison with peaks in other parts of the country. There is much longer-distance commuting into London than in other parts of the country. But the reason we had the high level output specification via the White Paper in 2007 was to ensure that we get additional capacity across all parts of the network, in order to address the growth in train ridership in all regions of the country.

Q330 Mr Clelland: When can we expect to receive new carriages in the North?

Chris Mole: That high level output specification is a commitment to 2014 to additional carriages. The arrangements by which additional capacity is delivered is quite complex and depends, in a lot of circumstances, on the cascading of rolling stock that might be in use in one part of the rail network that, for example, can be freed up by the developments in Thameslink or the electrification of the Great Western Main Line, all of which change the requirements for rolling stock in some parts of the country, that allow some of those vehicles to be used in other parts of the country.
Q331 Mr Clelland: Would the North perhaps fare better if investment decisions were taken regionally? If the power was devolved to the regions to take investment decisions.

Chris Mole: I am trying to think how you would do that in a practical sense and still have the capacity to be able to manage exactly what I have just described to you, which is the complexity of the use of the rolling stock around the whole of the United Kingdom. I am not sure if you had that devolved arrangement you would be able to manage that in the same way.

Q332 Chairman: One way could be to change the process of consultation. The ITAs say that they are not involved in franchises; that the whole process cuts them out. That could be a start.

Chris Mole: I am quite surprised if the ITAs have given evidence to you to suggest that they are not involved in the next round of the preparation of high level output specification. The next round is designed to have deeper engagement with all of the stakeholders, to ensure that we have a clearer understanding in terms of what people think the growth in demand is going to be in different parts of the network and how that can be met. It is not just about carriages. The requirement of new rolling stock can also be that new network capacity is required as well as length of stations. You cannot just say, “We’ll bolt on an extra carriage or two to a train and all the problems will go away.”

Q333 Angela Smith: The statement “London is special.” It may be special to you, Minister, and to some extent it is very important to the country, but our cities are also special to us. It is hard not to be insulted at such London-centric statements being made in terms of how investment should be distributed. Does it not follow that if we continue to focus on an investment strategy that is so London-centric, we will worsen and deepen the disparities in terms of the economic development between London and the South East and the rest of the country? Is it not the job of government to tackle that and to use investment to challenge that?

Chris Mole: It is interesting that you lumped together London and the South East, because if you look at the funding for the South East on the basis that we were comparing like with like, it is £258 per capita whereas the North East is £204—so broadly the same ball park—and I gave the figures for the East at £211 earlier on. Those are regions that have what might be considered to be differential economic performance with some of the other regions in the country, but they are getting the same order of magnitude of investment in rail infrastructure. Nobody says, “Let’s invest in London because we have a London-centric view of anything.” We are looking at saying, “Where are the serious capacity problems that exist now and how can we ensure that they are addressed as swiftly as possible?” Bearing in mind, as I have said, that something like 70% to 80% of journeys start and end in London, those needs, providing appropriate terminating capacity in London, are as important to the people who start their journeys elsewhere in the regions and nations of the UK as they are to the people in London.

Q334 Angela Smith: Is that not the point I was making, Minister? The point I was making is that the DfT has traditionally reacted to demand and has not tried to develop a proactive approach to investment which would help to develop economic performance elsewhere in the country, thereby taking perhaps some pressure off a place like London. Although it may be true that 80% of journeys begin and end in London, is it not time to start challenging the North/South structuring of transport connections in this country and to start thinking a little more about East-West? Is it not unhealthy that 80% of journeys begin and end in London for a country as densely populated as the UK?

Chris Mole: If I thought that London was any different from Paris or Berlin or Rome in that context, I might have some more sympathy with that view. If we try to move it on, what is important for the future is that we provide the connectivity between the regions through capacity. One of the things that I said at the beginning was that we have had fabulous growth in the number of people using the railway, and one of the challenges that that gives us is in capacity. We are doing what we can to get the most out of the existing infrastructure, whether that be rolling stock or whether that be track and signalling capacity, but we know that we are going to unavoidably—to use a rail metaphor—hit the buffers at some stage in terms of how much we can squeeze out of the existing infrastructure. That is where things like high speed do give us a dual solution in terms of providing additional capacity. Also, one would not conceive of building a major interurban connection for rail in the future without making it high speed, thereby shrinking the distances between our major cities and providing the enhancement to those cities that arises from them being better connected to each other and to the capital.

Q335 Angela Smith: Do you agree with Network Rail that the Manchester Hub should be a priority in the next Control Period?

Chris Mole: We are waiting for the work that the Department has commissioned with the Northern Way, the coming together of the three regional development agencies in the North, who have set, if you like, a model of how rail can contribute to the economic performance of those three regions, and it is very interesting to see that they have come together across those three regions and identified rail connections within Manchester (broadly given the label of the Manchester Hub) as a key component of providing that interconnectivity, because there are capacity issues in and around central Manchester. Those proposals are now being worked on by Network Rail in terms of what each of the solutions will look like. We will then want to see what the cost benefit and value for money of those are going
forwards into Control Period 5, but it would seem to me that they are very strong candidates for some major investment in the next Control Period.

Q336 **Angela Smith:** That will be a priority?
**Chris Mole:** Yes.

Q337 **Angela Smith:** Unfortunately, a statement was issued yesterday which made it clear that the East Coast Main Line will be returned to the private sector in 2011. Can I assume from that that assumptions are being made in terms of future investment and future availability of funds to DfT, that large premiums will be required of the new franchise when it goes back out to contract?
**Chris Mole:** When the Government seeks to negotiate new franchises it will obviously look at the whole package, both at the quality of what is on offer—the business case, if you like, for the extent to which we believe the company is going to be able to deliver what it has said it is offering during the franchise negotiations—as well as whatever the subsidy or premium might be. The more that is available in premiums, the more we have to reinvest through the DfT in rail and in those franchises which do require a heavy degree of subsidy.

Q338 **Angela Smith:** I can take it from that that a fairly heavy premium is being considered now. The possibility of fairly high premiums being in place on the new franchise is now being actively considered, even though National Express defaulted probably because they were required to pay high premiums to the Government in return for running the service.
**Chris Mole:** Given that the Southern franchise was recently let with a reasonable premium associated with it as well as a range of investment commitments from Govia to improve stations and parking and ticket machine availability and a whole range of other improvements for passengers, we believe there is still a healthy market out there that will deliver us a good franchise going forward.

Q339 **Angela Smith:** That does not answer the point about whether or not a high level of premium is going to be built into the contract when it is put back out.
**Chris Mole:** We do not build the premium into the franchise.
**Mr Linnard:** It depends what bids we get.

Q340 **Angela Smith:** You are making assumptions.
**Chris Mole:** No, the franchisees come to us. It could be that they come to us requiring subsidy.

Q341 **Angela Smith:** In accordance with the documents that you put out to them, inviting them to bid.
**Chris Mole:** We set out what we want from the franchise, but that does not include, “We want a premium of £x.” They will come to us and say, “We can deliver what you have laid out, your specification,” and then they could offer us premium or they could say, “But this will require subsidy.”

Q342 **Mr Clelland:** Minister, you have just said that the Department would need to be assured that the company can deliver on the franchise. Obviously with GNER and National Express, the Department grossly underestimated the ability of the companies to deliver. How can they be confident next time that they will get it right?
**Chris Mole:** I do not think that is strictly true. In the case of GNER it was what happened to the change of ownership of the parent company which undermined the position of GNER. In the case of National Express, I think everyone has been surprised that that group was not prepared to see through the commitments that it made. Knowing that it is a major transport business, we would have thought that it would have wanted to stick with it.

Q343 **Mr Clelland:** How can we be sure it is going to be right next time? How can you be confident of that?
**Chris Mole:** We can only make an assessment of what the position of the business looks like, as we do in every other franchise. We have had a lot of other franchises which have happily gone along where this has not been a problem.
**Chairman:** I think we will be returning to this topic on future occasions. We will turn to other issues now.

Q344 **Mark Pritchard:** Minister, I will try to give you some respite from your colleagues. I do not know whether because of your previous existence in the Whips’ Office you are getting a rough ride today. Despite the onslaught from the North, clearly as former Deputy Chairman of the East of England Development Agency, the former Leader of Suffolk County Council and somebody who went to university in Kent, your heart may or may not be in the North—now obviously Member of Parliament for Ipswich. I want to touch on what has just been mentioned. Do you think your Department, on reflection, in retrospect failed in due diligence with regard to the aforementioned companies?
**Chris Mole:** To an NEx-EC franchise?

Q345 **Mark Pritchard:** Yes.
**Chris Mole:** I do not think there is any evidence to suggest that. Indeed, the National Audit Office has the view that the franchising process that the Department runs is robust and offers value for money for the taxpayer.
**Mr Linnard:** What hit the East Coast franchise was a recession of a severity which few people would have predicted in 2007, but we do take a lot of trouble when we are awarding franchises to make as sure as
we reasonably can that we are putting in place an operator which will be able to perform robustly and which will stick with the business, but obviously we can never guarantee totally, and nor should we, that there will never be a failure.

**Q346 Chairman:** What is going to happen to the other companies held by National Express?

**Chris Mole:** We are still reviewing the position with regard to cross-default, but we would clearly be of the view that if this was a business that was applying for franchises today, it would be unlikely that they would pass our pre-qualification requirements for a new franchise bid.

**Q347 Mark Pritchard:** Clearly your Department failed to spot the weaknesses of that particular case. Mr Linnard, you have mentioned recession. We are still in recession. There is the possibility of a double-dip, perhaps from March next year. Some pundits are saying that. If that is the case, what guarantees, given the pre-scrutiny of these franchises before awarding them, can you give the travelling public around the country that this is not going to happen again? If you are unable to give those guarantees to the best of your ability, then perhaps there needs to be a review of the due diligence, in which I think your Department failed?

**Chris Mole:** As I have said, we can never provide 100% guarantee that any particular franchisee is going to see its way to the end of the franchise. We can give as a guarantee to the travelling public that we will ensure there is minimum disruption to train services—and, indeed, you will have seen us step in pretty quickly to make it clear that we would put the business in place, a company wholly owned by the Department, in order to ensure that those services can be transferred and be sustained.

**Q348 Mark Pritchard:** Forgive me. I understand that. I have that message. What lessons have been learned from the East Coast experience, so that you are going to change the awarding of franchises? Have you changed anything?

**Chris Mole:** The primary thing that we will do differently in the next franchise will be to take into account much more the passengers’ interests, as we have done with the last franchising that we let by involving Passenger Focus in the development of the franchise much more. In terms of the business, we can increase the size of the bonds and things like that that are available to help us through the transitional period if there is a future failure, but I do not think anyone is going to sit here and guarantee to you that any particular business is going to see a franchise through. We hope they do.

**Q349 Mark Pritchard:** I have got that, but it is not for Passenger Focus to dig deep on the financial strength and integrity of organisations—

**Chris Mole:** No.

**Q350 Mark Pritchard:** —it is your Department’s. I do not see whether their involvement to a lesser or greater extent impacts on the substantive issue of the affordability by companies to deliver these services and products they agreed to in any particular franchise. As far as other companies are concerned, is there anything you want to say today, ahead of this important travelling period over Christmas and the New Year, with many people moving around to see family and friends over the festive period? Is there anything the public has a right to know about other companies that are in financial difficulties? Are you currently in discussions with other companies who are in financial difficulty? To quote Lord Myners, are there any covert deals going on within the Association of Train Operating Companies?

**Chris Mole:** No, we have made it very clear we never negotiate on franchises. We may have access to information about the performance of the businesses that are running franchises, but that obviously is commercially sensitive and therefore something I could not share with you today. We have no expectation that there is any difficulty with any other franchises at the minute.

**Q351 Mark Pritchard:** The final question of mine is completely different. It is to you with your generic transport hat on, and you can kick it into touch if you want to. It is on the Maritime & Coastguard Agency—because ports are part of our brief, as no doubt you will have been informed, as part of new inquiry. Is it true that there was a recent and successful cyber-attack on the agency which basically took away information through that virus on the patrol patterns of offshore vessels guarding our ports and coastal areas?

**Chris Mole:** I have absolutely no idea, and I will ask my colleague Mr Clark, the Minister with responsibility for the Maritime & Coastguard Agency, to write to Mr Pritchard, and, indeed, the Committee, if you would all like the answer.

**Q352 Chairman:** Would you write to the Committee. I think this is something we would all want to know.

**Chris Mole:** Okay.

**Q353 Mr Martlew:** Minister, I have some sympathy with you today. First, you have inherited the flawed franchise system from the Conservative Government, and you would have been under serious attack if you came here and told us today that you had decided that National Express had offered too much and instead of taking over £1 billion it had only taken £850 million. You would have been rightly criticised for that. I think at that point I will stop being nice. There are two issues you have mentioned. One is the point that Mr Clelland has mentioned of the rolling stock cascades. The problem for those of us in the North of England is that by the time it cascades to us on Northern Rail it is clapped out, so we do not really appreciate the system with us getting all the poor stock. To give Northern Rail its due, it has done an excellent job of working to the present time, because the only way through into the towns is by the rail route. The second point, again, Mr Clelland made, is about whether decisions can be taken at a regional level. You did not seem to say how this worked. When you
compare what is happening in Scotland with what is happening in the rest of the UK, we seem to be coming off second-best. They are opening up new lines in Scotland: the Waverley line is opening up, the Alloa line is opening up. Does that not prove that on a smaller scale—if you talk about the North West region, for example, it has twice the population of Scotland—this could be done on a regional basis?

Chris Mole: I thought there was a bit of contention about the fact that the Scottish Executive had just cancelled the Glasgow Airport line.

Q354 Mr Martlew: That is internal politics, because if we had had a Labour Scottish Government we would not have cancelled it, but you are right.

Chris Mole: Just to come back to your point about the stock, it is not the anticipation necessarily that the HLOS process will deliver stock which is clapped out. Indeed, whilst it would not be new, the anticipation—and the Secretary of State was indicating that it would be his expectation—is that that stock would be refurbished and fitted with air-conditioning and all those sorts of things before it went to the North. Apart from that, I do not think your caricature is entirely fair. Whilst Mr Pritchard might like to try to paint me as somebody who has never been north of the Watford Gap, I can assure him that not only do I have a plaque with my name on it at Watford Gap since being a Transport Minister, I did journey into the North during my summer holidays in order to visit various bits of the rail network, including Sheffield, Manchester, Liverpool, Leeds and York. Indeed, one of the things I was most struck by was the quality of the new trains that the TransPennine Express operate and maintain out of their Ardwick depot in Manchester. They were absolutely fabulous. I can only say that I have never seen a facility looking more like a Ferrari garage at a Formula 1 racetrack than the Siemens garage at a Formula 1 racetrack than the Siemens depot at Ardwick and the quality of the maintenance of the rolling stock that they operate.

Q355 Mr Martlew: I would not disagree with you, but, of course, for those of us like Mr Clelland and myself who live up in the North of England, the cities you have mentioned are almost in the Midlands.

Chris Mole: I cannot win, can I, really!

Q356 Chairman: Minister, just for the record, you are here today as a minister and that means it is about the whole country.

Chris Mole: Indeed.

Chairman: Mr Donaldson—and welcome back to the Committee.

Q357 Mr Donaldson: Thank you very much. Mr Mole, high speed and, in particular, the concept of a second high-speed line. What is the Government’s approach on that at the moment? Have you developed any further new thinking on the route of the second high-speed rail?

Chris Mole: We are very pleased with the success of High Speed One, which was delivered on time and on budget, and which is now running, for the first time in the UK, high-speed domestic services. That has given us confidence—where, in the past, people had become very sceptical about the whole notion of high speed—in the positive position in which rail in the UK is currently—and I am sorry, but I cannot comment on the situation in your own part of the UK.

Q358 Mr Donaldson: Devolution has been good for investment in our railways. It could help my friends from the North!

Chris Mole: That was an own goal, I think! On the back of that positive future, as the Government sees it, for rail in the UK and the need for additional capacity, with every other major European nation and, indeed, many other countries around the world—I think President Obama has made commitments on high-speed rail recently as well—we really want to ensure that, if we have that additional capacity, it is offering the quickest connectivity between the cities of the UK. So we have asked HS2 Ltd to set out for us the first leg of that in some detail, which is connections between London and the West Midlands, but we have also asked them to set out for us how that would be financed and what the broad shape of a future development to that high-speed network might look like.

Q359 Mr Donaldson: Heathrow has been mentioned as a possible hub for another high-speed line. I suppose I should declare an interest, as someone who travels regularly into Heathrow. What is your view about a French-style high-speed network, with Heathrow Airport rather than Central London as the primary focal point?

Chris Mole: There are different ways in which the access to London can be delivered. There are some advantages to having connection to Heathrow. Obviously we want to improve the surface access to Heathrow itself. The major causes of pollution at Heathrow are not aeroplanes; it is cars getting to and from the airport. That is why we asked HS2 to look at the feasibility of a link to Heathrow. But we will wait and see what their recommendation is on that rather than holding a view ourselves at this point in time.

Q360 Mr Donaldson: It is a link to Heathrow you are looking at rather than Heathrow being a focal point.

Chris Mole: That is the way we have asked them to consider it, yes.

Q361 Mr Leech: Following on with high-speed rail, is there a danger that the Government is putting all its rail eggs in one basket on high-speed rail, and that, at a time when money is going to be tight there is a possibility that the existing network will suffer if there has to be so much money invested in high-speed rail?

Chris Mole: The point that I made earlier on was that we have seen growth in passenger ridership: huge success in terms of the Government getting more people on to trains over the last 10 years. There are some things that we can do in terms of improving signalling, improving the maintenance and
reliability of the track assets. We hope, for example, that the new intercity express programme of trains—the Super Express trains, as we are going to be calling them—will offer additional capacity. All of those things allow us to squeeze a bit more out of the current network, but we know we are going to hit the limit at some stage and we are going to need additional capacity. If you are going to have rail over the last decade or so. We anticipate there going to be additional demand for freight capacity on the network as well.

Mr Leech: I accept entirely the argument for high-speed rail. I am not clear, if the Government goes ahead with it, if there is going to be enough money in the pot to pay for high-speed rail but then still look at other rail priorities on the existing network?

Q362 Chairman: That is in the background of this perception of the problem. Are you confident?

Chris Mole: Yes, but, also, you would tend to find that a lot of the big expenditure on the high-speed network would be coming further down the timeframe, as well, towards the end of the next decade. I am not sure that that conflict is necessarily going to be there, but until we get a report from HS2 and we have some idea of what their expectation of costs are and what the funding mechanisms might be—because they might not be competing for the same resources—

Q363 Chairman: What do you mean when you say that you are not sure that the conflict will necessarily be there? Is it not something you have thought about ahead of getting the report?

Chris Mole: Until we get the indications from HS2 as to exactly what the costs are going to be and the timeframe in which those costs might fall, whether front-loaded or back-loaded to the development of the high-speed network—

Mr Linnard: It is probably worth bearing in mind that we have in HLLOS and the core rail investment programme a very big programme of expenditure, both by Network Rail and by the Department through train operators, to put extra rolling stock in. On top of that, roughly at the same time we have a huge project like Crossrail going ahead, so it does not necessarily follow that a big project squeezes out others.

Q364 Chairman: “Does not necessarily follow”—again it is strange language. Is this not something that you should think about ahead? You have big projects and you have existing lines which need continuing maintenance and renewal. Surely in the whole thinking ahead you should be thinking of how to keep existing lines operating properly and to adequate standards, at the same time as developing bigger projects to which you are committed. Is that not something which you should be planning for?

Chris Mole: We do not start from the position where we anticipate that we will be creating a high-speed network at the cost to the classic network.

Q365 Chairman: Should you not have a policy decision that one is not going to be at the expense of the other? Is that not something that you should incorporate into your thinking? Or is it not there?

Mr Linnard: No, it is certainly something that we will take into account when we respond to HS2’s report, which we will be doing early in the New Year. They are advising us on how it might be funded. There are different mechanisms. It involves different scenarios for what government money is needed over what period. In looking at that, clearly we need to take a view on what other priorities will be around at the time.

Q366 Chairman: What are you doing about costings? High Speed One took £56.4 million per kilometre—the most expensive railway there has ever been.

Chris Mole: There you have put your finger on a key issue. When we look at the costs of the construction of high-speed networks in other European nations, our assessment is that they are not as high as that and, therefore, there are some opportunities, we would hope, to deliver a high-speed network at less cost than that, but I think we do recognise that, by virtue of it being high speed, there are some costs that are greater than just if you were building a duplicate of the existing network.

Q367 Mr Leech: Do you have a view on whether or not freight should be allowed to run on the High Speed Two network?

Chris Mole: We do not have a particularly strong view. There is a conceptual conflict, if you like, between the notion of high-speed trains and freight trains using that same track at the same time. Whether there are some opportunities for a high-speed line to be used overnight by freight trains, which I think is the arrangement that exists on HS1 at the moment. There are some freight trains using that when there are not passenger services running. In general, however, it is not likely that you would want to have a train moving at 70 miles an hour pulling a lot of freight on the same path that you have a high-speed train whistling up behind it.

Q368 Mr Leech: What about at night?

Chris Mole: As I said, we are open-minded about that.

Q369 Mr Leech: My other question was completely unrelated and it was to do with tram trains. We have a trial that is going to go ahead. How will you...
Chris Mole: The things we are looking for are what are the complexities in operating vehicles on both the heavy rail network and on the tram network, because there are some features which are not ideally suited to running a tram on a heavy train network. We want to be able to have worked through those and be confident that it can be operated cost-effectively and safely.

Q370 Graham Stringer: What features do you have to work through when Karlsruhe have been doing that for more than 20 years?
Chris Mole: We have to work through those features of our rail network which are unique to the United Kingdom.

Q371 Graham Stringer: What are they?
Chris Mole: All sorts of safety and similar sorts of standards, that are probably different from those they have in Karlsruhe, but I would start from saying that we share the perspective that we want to get in the same space that others clearly have been able to.

Q372 Graham Stringer: For decades.
Chris Mole: For some time, yes.

Q373 Graham Stringer: Do you think you could write to us specifically about what the safety issues are, what is different about our signalling systems compared to Karlsruhe?
Chris Mole: I am certainly more than happy to do that.

Q374 Graham Stringer: In answer to Mr Pritchard, I think you said that there were no franchises that you knew of that were in difficulties. Does that mean that there are no amber lights in your scheme of green, amber and red light assessment in the franchises?
Chris Mole: I have not seen a recent update on that.
Mr Linnard: I have not seen a recent update.

Q375 Graham Stringer: Is that not rather surprising?
As the Rail Minister are you not looking at whether there is an amber light on a franchise when the East Coast has disappeared twice?
Mr Linnard: I do not think we are going to get into the territory of giving a commentary on what are—

Q376 Graham Stringer: That was not quite what either of you said. You said you had not seen one. Does that mean you are not watching carefully?
Chris Mole: We have franchise managers who stay in contact with the franchisees on a continuous basis and we would anticipate that they would alert us if there were concerns that they wanted to bring to our attention.

Q377 Chairman: Is this a question that you ask them? Is it something that is high up on your radar, that you would ask your officials to look out for?

Chris Mole: We have a regular report from franchise managers as ministers of any issues to do with a franchise at any point in time. I think I get that fortnightly and I would expect to see an indication of difficulties with a franchise if there were any.

Q378 Graham Stringer: Has there been a value for taxpayers’ money study done by the Treasury on the Thameslink investment?
Chris Mole: Projects such as that cannot go ahead without being tested against the Treasury’s capital investment criteria.

Q379 Graham Stringer: What does it say?
Chris Mole: I cannot give you detail on that.

Q380 Graham Stringer: That is surprising as well, because it has been reported in the press that it is saying there should be £750 million cut out of the Thameslink scheme on a cost-benefit analysis.

Q381 Graham Stringer: I do not know. You say there has been a cost-benefit analysis done, but you are not prepared to tell us what it is, and then you say the press are just speculating. I am trying to find out whether we are going to get better value for taxpayers’ pounds on that scheme and whether you know about it, and if you know about it, whether you are prepared to tell us about it.

Chris Mole: We are very confident that we are going to get value for taxpayers’ investment from the Thameslink programme because of the significance of the volumes that it carries and the need to be able to provide through-connectivity from the North of London to the South of London.

Q382 Graham Stringer: I know what it is doing. I think it is a significant increase in capacity, but I want to know whether £750 million is going to be taken out of that—or any other figure for that matter, because the press might have it wrong—because of a cost-benefit analysis that has been done. I cannot see why that should be confidential.

Chris Mole: I am not in a position to comment.

Q383 Graham Stringer: If you are not in a position now and you do not know the facts, will you tell the Committee the facts in a letter?

Chris Mole: We will certainly take that away and look at it.

Q384 Graham Stringer: I would like to know whether a cut at that level you would consider to be confidential, or fit to be given to the Committee either in private or public.

Chris Mole: I am not even certain that it has any substance, Mr Stringer, to know whether there is anything to write to the Committee about or not.

Q385 Chairman: We would like a response to that question in the context of a reply you gave to me much earlier on that there were not going to be any cutbacks. We would like a response to the point Mr Stringer is making.
Chris Mole: You would like a response on—?

Q386 Graham Stringer: I would specifically like a response on the cost-benefit analysis that the Treasury have carried out on value for taxpayers’ money and whether that is going to lead to a reduction in the overall money allocated to Thameslink. I understand, Minister, that you are in a position where you cannot prejudge what is going to be in the Chancellor’s statement later on. I completely accept that. I do not accept that if there are going to be cuts because of value-for-money studies, the Committee should not be told that.

Mr Linnard: What I could say is the priority for Thameslink is to get the programme delivered as quickly as possible within the budget that is being allocated for it. There are obviously discussions that we have, particularly with Network Rail, about the cost of some of the infrastructure work, but this is nothing to do with cutting the scheme.

Q387 Chairman: Nevertheless, we would like a response to Mr Stringer’s question.

Chris Mole: We will try to do our best to answer that.

Q388 Graham Stringer: Can you explain to me what this means: “Welfare is generally based on people’s willingness to pay for an enhancement, irrespective of whether a payment is made, and is therefore a broader measure of the benefits of a scheme than GDP.”

Chris Mole: I am sorry, what was the first part of that?

Q389 Graham Stringer: It is a quote, as far as I am aware, from the Department’s submission to this Committee.

Chris Mole: I am sorry, I missed the first word.

Q390 Graham Stringer: I will read it again: “Welfare is generally based—

Chris Mole: Welfare?

Q391 Graham Stringer: Welfare—economic welfare, I think it means. “Welfare is generally based on people’s willingness to pay for an enhancement, irrespective of whether a payment is made, and is therefore a broader measure of the benefits of a scheme than GDP.” Can you explain what that means?

Chris Mole: I think that means that we take into account a wide range of assessments of any transport scheme of the benefits to the community in a range of ways.

Mr Linnard: Without that, we would be trying to capture the whole cost of the railways with the fare box. We are saying that there is value in railway investment that cannot, and, indeed, should not, be captured through the fare box but is nevertheless worth paying for through government subsidy.

Chairman: Is that an acceptable answer. Does that make sense?

Q392 Graham Stringer: That makes slightly more sense, explained like that, but the logic then of this piece I do not quite understand. As I have been trying to understand the argument in here, it is a case for not relating rail investment to gross domestic product, even though within that document, you say, you want to increase the economic competitiveness of the country and increase GDP. We are a wealthy country and a much more competitive country, why is that rather strange sentence there rather than relating investment to GDP?

Chris Mole: That is just one component of the assessment of any investment that we make in any transport infrastructure.

Q393 Graham Stringer: What is?

Chris Mole: The contribution to the economy.

Q394 Graham Stringer: I will read another sentence, which makes sense but directly contradicts what you have just said: “Because the effect on GDP is an incomplete measure, the extent to which a rail scheme might affect GDP is not used as the basis for selecting projects.”

Mr Linnard: We are saying that there is more to investment simply than contributing to GDP. There are other things that we are trying to capture and subsidy captures that do not simply translate into an increase in GDP.

Chairman: It might have been simpler if the document had said that.

Q395 Graham Stringer: It actually says that it is not used as a basis. I do not want to exhaust the Chairman’s patience, but I think that piece of gobbledygook, saying you are not relating something to GDP, relates back to the basis on which you did make investment decisions, which means that you end up with a ratio of infinity when it comes to new rolling stock over the last few years between the regions and London. That is a statement: that you do have that ratio, which you do not seem to be very concerned about. But are you happy that you end up with this sort of statement being submitted to the Committee, investing in rolling stock in the South East at a ratio that is infinitely more than into the regions? If you divide zero into 500 or any other figure, it comes out at infinity.

Chris Mole: If I would have sought to improve that sentence in the Department’s submission to the Committee, it would be to say that it is not “solely” based on contribution to GDP.

Q396 Graham Stringer: I do not want to interrupt you, but it says “is not being used as the basis for selecting projects”.

Chris Mole: It is not “solely” used as the basis is what I am saying should perhaps have been in there.

Q397 Chairman: There seems a lack of clarity about what this document is saying. How do you select projects? Perhaps we should have a note on that.
Graham Stringer: Perhaps we should have a clearer note on the methodology, because I think this rather badly written submission leads to what is at best a passive and what is at worse a reactionary policy for deciding on investment decisions which follow where the money goes—which is where it already is, in London—and so you subsidise congestion rather than relieving congestion. I would ask you another question: Will you not only look at re-writing it in clearer English but will you look at the investment policy in rail so that it becomes much more dynamic, so that it tries to affect the whole economy by using all the other intangibles that the region. I would ask the Minister if he would look at. If you just put investment where there is already investment, you end up with more methodology and the other methodology should be clearly written. That really is my point.

Chairman: Perhaps I could just say something about how rolling stock decisions are taken and how we judge value for money in a much simpler way than that document—which, I agree, could probably have been better written.

Q398 Graham Stringer: Even better.

Mr Linnard: Yes. We look at the extra costs of leasing the rolling stock and those are quite straightforward. The train operator pays them. Ultimately they can add to the subsidy that the Department pays—so the monthly leasing costs of the extra rolling stock. We look at the extra fare box revenue that is generated by having more trains on. Where there is a gap, as there usually is, we look at the non fare box benefits that the rolling stock provides. Typically that is relief from overcrowding which people value. We know from surveys that they value that. People put value on it, but it is not something that you can easily capture through the fare box for obvious practical reasons. We look at other benefits that new rolling stock will bring; for example, road decongestion if there is a shift from car use to more public transport use. Clearly one of the things that is obvious from that is that the greater the value from new rolling stock you are going to get is going to be on lines and routes where there is heavy overcrowding and where, therefore, you get people leave.

Q399 Graham Stringer: That really is my point, which is why I am asking that both that methodology and the other methodology should be looked at. If you just put investment where there is already investment, you end up with more congestion and not using the economic potential of the region. I would ask the Minister if he would look at that. One last question on the economic issue and the investment in rail issue. David Clelland made the point really: London is special. We know it is more expensive to invest here. It is my capital as well as of the people who live here. It is an important city. I would be interested in why it has been government’s policy to increase the ratio of investment into London over the regions. Education and health have higher investment in London because it is more expensive, but the only large public spending block where the ratio has increased has been transport. Why? Why is that government policy?

Chris Mole: The difficulty in answering these questions, Chairman, is that they are posing questions of government as if that is the way that government thinks about them, and it is not. Graham Stringer: It is what the Government does. The Government has changed the ratio between the English regions and London by a large factor—roughly, it used to be double and now it is treble, in the round. Why? You are a government minister, explain to me the policy. That is your job.

Q400 Chairman: The question is about what the situation is, whether it was done deliberately or not. It is a very valid question. It is about what happened.

Mr Linnard: Perhaps I could just say something about how rolling stock decisions are taken and how we judge value for money in a much simpler way than that document—which, I agree, could probably have been better written.

Chris Mole: The policy is to meet the challenges of the railway as they are and where they are, because that is where the demand is. If 70% to 80% of journeys are starting and ending in London, it is almost inevitable that a large proportion of the investment is going to have to support those waves of passengers wherever they start their journey from if they are ending up in London.

Chairman: Thank you.

Q401 Sir Peter Soulsby: You will know from the earlier questions that Members of the Committee in general have considerable enthusiasm—shared with the Department, of course—for another high-speed line, but you have also expressed concern about the potential for investment in the conventional network to suffer as a result of a commitment to a new high-speed line. One of the areas for investment in improving the capacity and the efficiency of the existing network is undoubtedly electrification. That has been reflected in your commitment to the Great Western electrification, but, as yet, not beyond Great Western—and particularly the prospect of the Midland Main Line electrification has not been brought forward. Do you have any views as to when that might be brought forward and whether you share Network Rail and ATOC’s enthusiasm for the continuation of electrification of the Midland Main Line?

Chris Mole: I am sure the Chairman would not want to let the opportunity go by without pointing out that it is not just the Midland Main Line but it is also Liverpool to Manchester via Newton-le-Willows which the Government announced in July.

Q402 Sir Peter Soulsby: Nor is it just the Midland Main Line that remains beyond that. I am talking about the two Main Lines most affected.

Chris Mole: There are plenty of other bits of network which could benefit from further electrification. We have to look at each route on a route-by-route basis, because it is not just the electrification that we have to take into account in the equation but also what rolling stock might be operating on the line currently, and the issue for us with Great Western Main Line at this time is that the intercity rolling stock was coming towards the end of its life and would have to be replaced by new diesel intercity rolling stock—diesel IEPs, in principle, I think that would have had to have been. Rather than get locked into another generation of new diesel trains,
the opportunity was there to say, “Right, let’s electrify that line and then we can run services to the West with and into Wales with cleaner, more reliable, cheaper electric vehicles.” We have to apply the same sorts of tests to all the other opportunities that might exist, and it will depend to an extent on what the age and condition of the rolling stock is on any route as to whether replacing those with electric trains adds up to an affordable proposition, so we are continuing to look at the Midland Main Line and others.

Q403 Sir Peter Soulsby: But the Midland Main Line, in particular, has precisely the same considerations as the Great Western, in that it too is running HSTs, it too is partly electrified as far as Bedford, and it too has the opportunity to cascade existing rolling stock onto other lines were it to be electrified.

Chris Mole: They are indeed.

Q404 Sir Peter Soulsby: Which are much newer and therefore the economics of change are not necessarily the same. As I have said, we are continuing to look at it and we hope to be able to resolve it sooner rather than later.

Q405 Chairman: How will you make the assessment on what new rolling stock is required, given that there is going to be electrification? How much overcrowding do you think is acceptable and for how long?

Chris Mole: I am sorry, I am trying to relate overcrowding to the question of electrification.

Q406 Chairman: Yes, because there was a rolling stock plan of agreement on additional replacement of rolling stock on a number of lines. That has now been put into abeyance pending a new review caused by proposals for electrification. How are you going to judge what is required? Are you going to decide that people have to suffer a lot longer before electrification is an effect? How are you going to make that judgment?

Chris Mole: We have made the judgment that it is sensible to electrify the Great Western Main Line.

Q407 Chairman: No, not on that; the judgment on the new rolling stock that is required ahead of electrification.

Chris Mole: We hope to publish a new rolling stock plan this autumn which will set out what we think will meet the challenges of the high level output specification to 2014, in the context of the changed set of requirements based on the need for more electric rolling stock and the ability to re-use electric rolling stock, for example, on the Liverpool to Manchester line.

Q408 Sir Peter Soulsby: To return to the Midland Main Line, do you accept that it would be sensible to take a decision with regard to the electrification of the Midland Main Line in advance of decisions about new rolling stock, and at a time when it is possible to look at the programming of the Great Western electrification with the electrification of Midland Main Line as something that would follow on?

Chris Mole: I think the opportunities to follow-on are very sensible. There are questions about whether Network Rail would have the capacity to do two at once, and so we would be wanting to hear from Network Rail at some stage, as they progress with the electrification of the line to Swansea, whether they would be saying to us, “And, following on from that, we have teams in place, we have got costs down.” It might have changed the economics of doing some additional lines.

Q409 Sir Peter Soulsby: Given that both Network Rail and ATOC have submitted evidence in favour of the electrification of the Midland Main Line, would it not make sense to do it together and to take into account the fact that the Midland Main Line would be following on when looking at the economics of the Great Western electrification?

Chris Mole: If I thought it was that simple, I would say yes, but I do not think you can separate it entirely from the rolling stock question, which is why I drew attention to it in the first place.

Mr Linnard: On the question of which comes first, the electrification decision or the rolling stock decision, you need to take them both together. You need to look at the benefits you can get from electrification by way of cheaper rolling stock both on that line and the opportunities that it creates to cascade existing diesel stock elsewhere. We would need to look at them both together. We said in the document that we put out in July about Great Western and Manchester that we were looking at a document with Network Rail at the Midland Main Line as potentially a further high priority.

Q410 Chairman: Network Rail may be making 1,500 people redundant in order to meet its efficiency targets. Does that concern you in terms of safety?

Chris Mole: We have received assurances from the Office of the Rail Regulator that they are confident that Network Rail can improve its efficiency in line with European and other comparators in order to deliver better value for the taxpayer in terms of the costs associated with maintaining and renewing the rail network, and they have a programme of inspections which creates the opportunity to ensure there is no additional risk to the travelling public.

Q411 Chairman: Have you asked specific questions about safety?

Chris Mole: Yes. We have asked the ORR to assure us that they have no concerns that the safety of the rail network will be compromised. Indeed, we continue to have the objective for the network of a 3% reduction in fatalities and serious injuries occurring to passengers as a result of travelling on the rail network, and ORR have not suggested to us that we should not be able to continue to meet that target as we go forwards.
Q412 Chairman: You are fully confident that safety is not a problem.
Chris Mole: That is the assurance we have been given, yes.

Q413 Chairman: How do you see the document Connecting Communities going forward? In connecting communities which do not have access to rail now, how soon is progress likely to be made?
Chris Mole: Progress on connecting communities?

Q414 Chairman: Yes.
Chris Mole: We are talking about routes of local and regional significance. We anticipate that those routes that were identified in the ATOC report should be considered by the local authorities in the area, to see whether reopening one of those particular routes in their area meets their local transport needs best. If it does, we anticipate that they would, where they perhaps need additional resources, look to the Regional Funding Allocation—as a number of small schemes have already done in that sort of area. We would anticipate that they would ensure that any subsidy costs that are necessary are in place for three years. If we could see with some confidence the predictions that were being made about ridership and use of a particular line were being met, then we would consider taking them into a franchise.

Q415 Chairman: What is the timetable?
Chris Mole: The timetable will be driven by whatever the local priorities are for their local transport solutions.

Q416 Chairman: When does this discussion start?
Chris Mole: I would assume that they would be able to start on them as soon as they had seen the report, but if they are going to need funding through RFA, they are probably going to have to look to the next round of that, which I think is about 2015.

Q417 Sir Peter Soulsby: That sounds a rather disappointing response, Minister. Do you not accept that many of these re-openings, particularly the re-use of freight lines, have in the past proved to be very successful—indeed, in many cases far more successful than was anticipated by any of those involved—and that the potential there is more than something that ought just to be left to local authorities but is something that your Department ought to be encouraging.
Chris Mole: There is some evidence that community rail schemes can perform very well, which is why we are happy to support the groups that encourage volunteers to come in and promote the railway. I visited the Severn Beach Line a month or two back and could see how people there had strongly supported the use of rail link, but its function is primarily of local and regional significance, which is why we want to see, quite appropriately, local communities taking the lead on this.

Q418 Sir Peter Soulsby: It is quite clear that some of them have the potential to be of regional and even of national significance. I have thought, Minister, that your Department ought to be looking very closely at them and looking at opportunities for the Department to promote some of these schemes and to encourage local authorities. Otherwise, they may look rather parochially at their own local authority area rather than at the larger context which, in some of these cases, could significantly benefit.
Chris Mole: We do encourage local authorities and local communities to give leadership on community rail partnership schemes. We see the benefits of those. I think you have to be very careful about overclaiming for the potential of some of these links.

Q419 Sir Peter Soulsby: I think the evidence would suggest that, rather than over-claiming, in the past assessments of the potential of these have been significantly under-estimates, and the suggestion from ATOC particularly was that would be the case were some of these to be looked at as closely as we would wish them to be. I will leave that as a comment.
Chris Mole: That is an opinion, I think.

Q420 Graham Stringer: Two or three green questions, if I may. We have all on the Committee received letters, and letters from one airline, I think KLM, saying that the environmental case as far as savings in carbon dioxide and other effluent gases is not made for high-speed rail against air travel. Have you seen those figures? Do you feel robust in saying that there is a green case in terms of carbon dioxide and other gases from high-speed rail?
Chris Mole: We are confident there is a green case for high-speed rail. Whilst it is clearly the case that the faster you go, the worse your fuel efficiency gets, the benefits come in looking at this strategically as a government and recognising that, alongside the introduction of high-speed rail, with electrification we will be looking to change the mix of our energy supply to ensure that that is increasingly green.

Q421 Graham Stringer: Do you have robust figures that will say exactly how much carbon dioxide or noxious this would save?
Chris Mole: I am just trying to think whether it will be in the HS2 report.
Mr Linnard: The HS2 report will have this. It will look at both savings from aviation—which in the case of London to West Midlands will be almost negligible because there are so little, if any, direct flights—but also at the environmental case if the high-speed network were extended further, potentially as far as Scotland and, also, at the relative carbon advantage of rail over road transport. Because part of the case for building a new line lies in a judgment about, if you have to expand transport capacity in a corridor, say London to the West Midlands and beyond, what is the most efficient way of doing it.

Q422 Graham Stringer: I accept that air is not even the main competitor to rail in these areas. I do not want to put words into your mouth, but what you
are saying is that it is work in progress. I do not expect you to say London Road or New Street, but if there were a high-speed network that went to major cities—and I do not want to get involved in the East/West line—to both Leeds or Manchester, where would the stations be?

**Chris Mole:** Again that is something we are anticipating we will get some guidance from HS2 on, although we did suggest to them that they might want to say something to us about interconnectivity with the classic network, because we know that as some of the high speed networks have grown in European nations very often they have been . . . I am trying to think of the word. Ambidextrous or—They have been able both to travel on the high-speed network and the classic network in order to reach some of the stations that they might want to.

**Q423 Graham Stringer:** I find it difficult to imagine, knowing all those cities pretty well, exactly where you would put a new high-speed station if you were to take them into the city centre. And if you were not to take them into the city centre, I would be interested in whether you had any generalised thoughts—either between those two things and tell me I am wrong—on where we would put them.

**Chris Mole:** These are exactly some of the questions we have to wrestle with when we get the report from HS2, because the general sense is that people will want to be able to be delivered as near to the city centre as they possibly can.

**Q424 Graham Stringer:** We were talking to the witnesses who were in before you about the 60% of all the freight that lands in the sea ports in the South of England that ends up going on the road north of Birmingham. They told us that with gauge enhancements and some investment in extra casting, in extra tracks, they thought they could reduce that dramatically. Do you have any environmental benefit analysis or cost-benefit analysis on increasing the gauge and capacity out of the South of England ports so that you could get that considerable amount of freight off the roads?

**Chris Mole:** The whole of our strategic freight network vision is to do just that. It recognises that, really, if you look at the Haven ports and Southampton with the destinations in the West Midlands, the warehouse of the UK, those are the principal flows, and that is where a lot of the bottlenecks are. That is why the investment is going in signalling, gauge enhancements and all those things on those routes. Southampton’s tunnel is going to be blockaded this Christmas in order to provide a gauge enhancement very similar to the one I experienced on the Ipswich tunnel for just that purpose a few years ago.

**Q425 Chairman:** Do you have plans for any other strategic freight routes?

**Chris Mole:** We see the strategic freight network as a kind of dynamic network and the resources need to go wherever the next bottlenecks are identified. We have £200 million going into the strategic freight network to take exactly these things out that you have described.

**Q426 Chairman:** Do you have any plans about what you are going to do next?

**Chris Mole:** Yes, there is a vision document The Longer Term Vision. Is that still out to consultation?

**Mr Linnard:** No, it was published in September. This is a long-term view of where we think the priorities are for rail freight investment.

**Q427 Graham Stringer:** There are two questions that follow from that answer. One is why there are no targets then for changing freight at ports from one mode to the other. There are no government targets on that, which, if that is what you want to do, I would have expected there to have been. The second question is: Do you have a time when you expect that figure of 60% going north of Birmingham—which I think is an agreed figure within the industry—to be taken down by 25% or a half?

**Chris Mole:** We certainly have a resource in the freight facilities interchange grant which can be used by bodies like ports to meet the costs associated with additional infrastructure that allows more freight to be carried by rail. They could come to us and ask us for those grants as and when it is useful to them.

**Q428 Graham Stringer:** That does not quite explain why no targets. The Government is often criticised for it, but some of the targets the Government have had have been very successful in achieving its objectives. If the objective is to get freight off the road on to rail, why no target at the dockside? Is there an answer to the question of when those figures of 60% going north of Birmingham might be reduced?

**Chris Mole:** I do not think that is a target that we have looked at to date.

**Q429 Graham Stringer:** The question for the Committee is why.

**Chris Mole:** We are quite pleased with the growth rate of freight on rail in the UK. In many European countries they have continued to see a decline until very recently. Some have begun to improve their freight performance. We have seen a 50% increase in freight since 1995 on rail, until the economic downturn. We accept that there have been some very immediate challenges over the last period, and our anticipation is that they will return to that trajectory of growth in the long term. This links back into High Speed Two again because the same capacity constraints that are on the network in the longer term for passengers are constraints in the longer term for freight, so HS2 is as much about capacity on the rail network as it is about anything else.

**Q430 Chairman:** There has been growth, but it is still only 12% of surface freight. Are you satisfied with that figure?

**Chris Mole:** We would be pleased to see that share continue to increase.
Q431 Angela Smith: Is it fair to say that the Department, looking forward, would always seek value-for-money deals, if you like, when franchising and that the investment offered by the bidding companies would be a key factor when making decisions about who to award franchising contracts to?

Chris Mole: Passenger rail franchisees?

Q432 Angela Smith: Yes.

Chris Mole: We would always want to see value for the taxpayer, yes. We would always want to see commitment to improving services for passengers. That is one of the reasons why I drew attention to the Southern franchise, which has a whole host of enhancements. That is why I made the reference to involving Passenger Focus in the development of future franchises. They have just produced reports on Essex, what is currently the c2c franchise. I think they may have done one on the East Coast Main Line as well, which will help inform the re-franchising process as to what passengers want from their future rail service.

Q433 Angela Smith: The company that is now running the East Coast Main Line services has committed itself to a number of improvements, including an additional Saturday evening service to Leeds and removal of the seat reservation fee and a review of onboard catering with a view to introducing improvements. If the performance record of this new company is such that they would, to any reasonably informed person, look fit to bid for a future franchise, would it not be dogmatic to stop a company like East Coast being one of the companies which would want to bid for a franchise in 2011?

Chris Mole: We would have a problem with the law.

Q434 Angela Smith: Why?

Chris Mole: Because currently the 1994 Act requires us to re-franchise.

Angela Smith: This is a company. The staff have been treated as a company. If they perform well, if they outstrip expectation and increase passengers numbers—and I accept that is not a given—why should they not bid as part of the bidding process for the 2011 contract if they have the potential to promise a value-for-money deal for the DfT?

Q435 Chairman: Minister, can you exclude?

Chris Mole: I am going to have to ask Mr Linnard on that one, because I am not sure of the detail of the Act.

Mr Linnard: Under the legislation, a government-owned company, which is what this is, cannot bid for franchises.

Q436 Chairman: Is that explicitly ruled out?

Chris Mole: I thought that was the case.

Mr Linnard: Yes.

Q437 Angela Smith: The danger here is of being seen as dogmatic. Would it not be possible to change legislation in order to make it possible for highly performing arm’s-length companies to bid for contracts like the East Coast Main Line franchise, given that value for money for the taxpayer and passengers is at the heart of all this?

Chris Mole: That is a different question, and it is one which is not currently government policy.

Q438 Chairman: Clearly, if the Government ruled it, it would happen. One final question: Could you tell me what proposals you have to integrate rail with other modes of travel?

Chris Mole: If you look at the initiatives around things like Smart ticketing, there is some good use coming shortly—I am sorry, it is in London—around Oyster card, with an extension to the overground. The standards and the technology around what is known as ITSO, a standard for electronic ticketing, will make transferring journeys, for example, from bus to train, in the future much more straightforward, but, also, we are putting into franchises additional expectations around things like car parking. The Station Champions suggested we should have an additional 10,000 car parking spaces close to stations a year going forwards, and we have been able to deliver some of that. Coming back to the Southern franchise, that has additional car parking as one of the offers from the train operating company in their franchise. Also, the work that the Secretary of State has done in approving cycle access at stations. We have looked across the North Atlantic at what can be achieved in Holland, where you have fabulous amounts of people cycling to railway stations and leaving their cycles. Leeds is going to have a cycle hub which will be a facility which will be much valued by people who want to take their bike and leave it at the station, but, also, across some of the smaller stations around the network as well.

Q439 Chairman: What is the Government doing to promote Smart cards outside of London?

Chris Mole: It is something we hope to build into franchises as we go forward. I think some have had ITSO requirements. For example, ticket gates at stations may have to be compliant with those sorts of standards.

Q440 Chairman: You said “may promote” and “may have to”. Should this not be something that you make a requirement?

Chris Mole: I think we have done in a number of franchises. As old franchises come up for renewal, that will certainly be a feature going forward.

Chairman: Thank you. Thank you very much for coming and helping us with our questions.
Written evidence

Memorandum from UNITE (PIR 01)

1. Introduction

1.1 UNITE, the National Federation of Royal Mail and BT Pensioners, is the oldest and largest occupational pensioners' organisation in the UK, with over 100,000 members nationwide. We campaign on behalf of our members, and older people in general, on issues such as improving pensions, health services and transport.

1.2 UNITE welcomes the opportunity to respond to this inquiry. Our members have a keen interest in accessibility of the rail network and we have been actively engaged with Railtrack, ATOC, Network Rail and the SRA since 1998. Personal comments on access from our members have been forwarded on a regular basis to the relevant authorities.

1.3 We have sought to work in partnership with a number of other organisations in sharing views and concerns relating to access to rail, particularly at stations. In 2006, UNITE established the Access to Rail Stakeholder Group, chaired by Martin Linton MP. The first Chair of the group was Sadiq Khan MP, now Minister of State for Transport. The group brings together those facing similar access problems, such as disabled and older people, those travelling with children and those with heavy luggage. It includes representatives from a range of diverse organisations, including ATOC, Network Rail, The Guide Dogs for the Blind Association, the Family and Parenting Institute, SCOPE and the Civil Service Pensioners' Alliance.

1.4 The group has provided an excellent forum for user groups and the rail industry to come together and constructively discuss ways in which to remove some of the barriers to rail travel that currently exist and that decrease confidence in the railways.

1.5 This response comes directly from UNITE, but is informed by the discussions of the Access to Rail Group.

1.6 The Committee has posed a number of questions. We have limited our evidence to those questions where our membership has expressed a view.

2. In the medium to long term, what should be the main objectives for investment in the railways, in order to improve both freight and passenger services?

2.1 Improving capacity in the rail network both in terms of the frequency of trains, and the number of carriages, should be the main objective for investment in the railways.

2.2 However, all new investment in the rail network must be combined with station renewal and access improvements. We hope that the work of the newly appointed Station’s Champions will help to emphasise the importance of this.

2.3 We are pleased that progress on the Access for All schemes is improving, with 40 schemes expected to be completed by this time next year and 125 by 2014. Over 1000 stations have also benefitted from Small Schemes funding.

2.4 We also understand that the Department for Transport is working closely with the industry towards achieving a compliant rail vehicle fleet by the 2020 end date.

2.5 However, we believe that access improvements should be afforded a higher priority. It is estimated that the potential value of the disabled market is £300 million a year, this places the “disability franchise” as the third biggest market for TOCs. Therefore access improvements would have a significant impact on revenue.

3. How should long-term development of major new infrastructure, such as high speed lines, be balanced against short and medium term investment to improve capacity and passenger experiences?

3.1 We believe that high speed lines, and major new infrastructure, should be financed by the Government. Investment on other priorities, such as access improvements should be shared by the industry.

3.2 The needs of disabled and elderly people, and those with reduced mobility, should be factored into planning of major infrastructure projects at the earliest possible opportunity. Without this level of planning, those with reduced mobility will be unable to benefit from improved major infrastructure, making that infrastructure less profitable in the longer term.
3.3 It will be important to establish a clear measurement of success for each of the priorities. For example, on access, should success mean that more people with reduced mobility travel via rail or should it mean more stations completed on time? We would stress that it should be both.

4. **Is enough consideration given to the integration of rail with other transport modes, and with demographic developments, when rail investment decisions are made?**

4.1 Not enough consideration is currently given to demographic developments such as new housing.

4.2 UNITE members have identified poor transport to and from local stations as a significant barrier to using the rail network. This can be as a result either of a general lack of local transport or because the existing transport links offer poor access for disabled and frail elderly people. It is essential that transport to and from stations is considered when investment decisions are made.

4.3 UNITE has welcomed the National Station Travel Plan initiative and believes that this is important in ensuring that the needs of rail users are factored into short, medium and long term proposals for regeneration and the promotion of sustainable travel.

4.4 UNITE welcomed the Government’s decision to include the entire journey, from decision to travel to reaching the final destination in the thirty year strategy.

4.5 For example, we support the integration of bus and rail travel. It would also be useful if access to train times and seat booking facilities could be designed with a common user interface so that moving from one operator to another is simplified.

4.6 Crucially, future demographic change should be considered when rail investment decisions are made. UNITE welcomed the recognition in the 2007 White Paper on Rail, that the rail network must respond to the needs of an ageing population. Additionally the Government also committed to helping older people to make the most of the transport network in the recent strategy for older people “Building A Society for All Ages”. The correlation between age and increasing physical infirmity will increase the importance of improvements to physical accessibility in the future. Therefore access improvements must be considered in relation to all decisions on future rail investments.

5. **Is enough consideration given to the views of passengers in making investment decisions on the railway?**

5.1 Passenger Focus has a role in communicating the views of passengers.

5.2 However, no organisation has a specific remit to represent the views of older people to Government on transport issues. UNITE would welcome the opportunity to comment on future priorities for rail investment.

6. **In light of the current economic crisis is it still important that projects designed to increase capacity continue on the present timescale?**

6.1 UNITE believes that it is essential that projects designed to increase capacity continue on the present timescale. In fact, we would support a case to accelerate the timescale to drive economic development. For example, an improved rail network would allow more people to access employment and training opportunities, thus driving growth.

7. **Conclusion**

7.1 UNITE accepts that the squeeze on public finances means that priorities for investment in the rail network must be carefully scrutinized.

7.2 Although we strongly support major infrastructure projects such as high speed rail, improvements to stations and rolling stock must continue. This will be particularly important given the UK’s rapidly ageing population, and the commercial value of older people and those with mobility impairments.

*August 2009*

---

**Memorandum from Mr M Rawson (PIR 02)**

The Transport Select Committee’s July press release invites members of the public to contribute to the debate on future-investment in the railways.

I am a retired police officer with a life long passion for trains. I have considerable experience of the country’s rail network since retiring in 1996.

1. When considering future investment in the rail infrastructure it is essential to acknowledge the shortcomings of our Victorian network. There has been little success in achieving integrated transport systems since the advent of mass car ownership and air travel.
2. The country’s major inter-city tracks (those with the fastest journey times) emanate from the capital whilst the provinces rely upon generally slower cross-country services. Many long distance journeys are via London, requiring two changes and use of the capital’s overcrowded transit system. The terminus station concept, from a bygone era, does not meet the needs of the 21st century traveller but it does ensure tens of thousands of people are in London when they have no wish to be there.

3. It is time to question the wisdom of continuing the Victorian concept that London must be the hub of the country’s rail network in this country. High Speed 1 and CROSSRAIL continue the trend of bringing people into the capital irrespective of their ultimate destination.

4. If the proposed High Speed 2 line (to the West Midlands) begins at a redeveloped Euston Station we could see passengers, bound for the continent, struggling with suitcases along Euston Road to St Pancras International. A 3mph walk between two high speed train journeys is hardly progress!

5. Investment in the railways must make a major contribution to a number of clearly identified objectives. The investment must increase capacity to meet future demand for rail travel, contribute to a significant decrease in car dependency and short haul flights to meet carbon emission reduction targets, provide increased track availability for freight services and provide a fully integrated transport system that will meet the needs and aspirations of future generations.

6. A single, albeit enormous infrastructure project, enables all of these goals to be achieved and effectively sees the completion of the country’s rail network.

7. To understand the proposal, it is helpful to think of the rail network in the south east as a wheel. There are three parts to a wheel, the hub, the spokes and the rim (or circumference).

   London’s 11 terminus stations are the hub and the tracks that emanate from the hub are the spokes.

   There is no rim.

   The missing rim means everyone enters the hub using the spokes and a large number, who have no business in the capital, simply leave again on different spokes. Inefficient, time consuming and very 19th century!

8. The solution is to build the rim or ORBITRAIL to give it a name. An entirely new, four track orbital railway, circling the capital in The Home Counties about 30 miles from the centre of London. At eleven locations (away from town centres—essential if all criteria is to be fulfilled), where the major lines from the eleven terminus stations intersect with ORBITRAIL, interchange PARKWAY stations provide multiple journey choice and cheap, efficient Park and Ride facilities.

9. The route of ORBITRAIL takes it close to each of London’s four major airports (the new airport stations require automated people movers or rapid transit systems to connect to the terminals but have no car parks).

   Parkway Stations with cheap, safe and convenient parking, and fast and frequent ORBITER trains, substantially reduce car journeys to, and parking at, the airports.

10. The benefits of ORBITRAIL are almost endless. Train Operating Companies, who today are constrained by platform availability at London’s terminus stations, can increase the number of trains on each main line and provide direct services to numerous destinations other than London.

11. ORBITRAIL, assuming High Speed (HS) lines are built, provides the vital link between these new tracks, the existing HS1 and the European HS network enabling direct train services between UK cities (not just London) and Paris, Brussels, Frankfurt, Nice etc. (meeting the target to reduce short haul flights).

12. ORBITRAIL may question the need to bring the proposed HS lines into the capital at all! A High Speed line from Tring Parkway Station (one of ORBITRAIL’s stations) to Euston would represent a saving of about ten minutes on existing Virgin West Coast services but an astronomical saving in construction costs!

13. ORBITER trains, operating in both directions, provide the capability to move thousands of people around the Home Counties as well as an efficient inter-airport rail link. Track availability during the night allows for a huge increase in rail freight operations—reducing truck movements on the motorways.

14. The four airport stations on ORBITRAIL offer fast and frequent ORBITER trains and inter-city express services to numerous destinations avoiding the need to travel via London.

15. ORBITRAIL meets all the objectives and brings benefits to the entire country. London benefits from a substantial reduction in the numbers of people using its transit system ensuring it is there for those who need to be in the capital.

16. The cost of ORBITRAIL, partly due to the vast number of bridges and viaducts and the high cost of massive underground car parks, (all ORBITRAIL stations are in the greenbelt) will be extremely high. However, all construction takes place with little disruption except where the tracks join existing lines. A considerable amount of track can run in tunnels in places of natural beauty (The Chilterns and The Downs). The project provides employment for twenty years, brings enormous long term benefits to the economy and ensures the UK is no longer the poor relation in respect of rail travel in Europe!

The contribution to CO2 emissions reduction is phenomenal and likely to exceed any other major infrastructure project in Europe.
17. Journey options available at Stevenage Parkway provide the rail traveller with an amazing choice:

- Direct, fast inter-city trains to numerous UK destinations as diverse as Exeter & Edinburgh, Swansea & Southampton and Norwich & Cardiff.
- Fast & stopping trains to London Kings Cross.
- Fast & frequent ORBITER trains to Home Counties destinations and London's four major airports.
- New High Speed services within the UK.
- Direct Eurostar services between UK and European cities.
- TGV services to French cities and ICE trains, operated by DB, to Germany.

A further example of the benefits of ORBITRAIL can be seen in relation to a passenger arriving at Heathrow whose destination is York and who intends completing his journey by train. He has a choice. CROSSRAIL—takes him into Central London, requiring a change at Tottenham Court Road for a Northern line tube to Kings Cross and a further change for the Nationalised Express service to York!

ORBITRAIL—offers a twenty minute journey to Stevenage Parkway and one change for the Nationalised Express service to York!

18. ORBITRAIL should not be confused with the ongoing improvements to the London Overground network and other suburban rail improvements in south London.

It is the major missing link in the country’s rail network that takes our railways into the twenty first century.

SUMMARY

ORBITRAIL delivers the following benefits:

- An enormous increase in capacity to meet continuing growth in demand for rail travel.
- “Direct” journey options between numerous UK destinations never before possible.
- A vital link in the future UK High Speed rail network.
- A Home Counties’ rail system making travel through London unnecessary.
- A rapid, inter-airport rail system linking London’s four major airports.
- A major addition to the rail freight network—reducing road haulage.
- Significant reduction in demand for the capital’s public transport.
- A huge contribution towards meeting CO2 emission reduction targets.
- Parkway stations, with cheap parking for medium and long distance journeys, airport passengers and for commuters to the capital, (a contribution to less car dependency).
- A vast reduction in airport parking (at London’s four airports), with a reduction in motorway journeys, as people choose ORBITRAIL’S Parkway stations and complete their journey by train saving time, money, stress and carbon emissions.
- A substantial reduction in short haul flights as “direct” High Speed rail services from many UK cities to European destinations become a reality.
- An important transport link in relation to two possible future projects: development of the M11 corridor and a London Airport in the Thames estuary.

I have no connection with any organisation and no conflict of interest. The ideas, views and opinions expressed in this memorandum are entirely my own and have not been printed in any newspaper or magazine.

August 2009
According to the Department for Transport, some 63% of rail journeys are commuting to work or education with a further 16% for business trips. Rail transport is therefore vitally important to the economy. However, rail should not be regarded in isolation but as an integral part of the transport network as a whole. There is a need to improve integration with other modes, particularly road transport. It is often said that because only 7% of passenger km’s are carried by rail most investment should go into roads but, the total route mileage of all rail systems in Britain amounts to barely 4% of our surface transport infrastructure and 96% is already roads. Most journeys are made by road simply because for the great majority of them a rail alternative does not exist but, where they do, they are frequently more intensively used than roads. This should not preclude encouraging more transfer to rail or expansion of the rail network.

However, a recent study for Invensys Group concluded that, pound for pound, investment in railway rolling stock and modern signalling procured more capacity than any other transport investment, including motorway widening.

Electrification also increases rail capacity while reducing rail transport’s already low carbon footprint compared to other modes. This will play an important role in Government objectives to cut emissions, of which transport must play its part. Greater use of renewable energy will further enhance the case for electrification. However, the current rolling stock shortage is so acute in many areas and the need to replace ageing and unreliable trains is fast approaching and the situation cannot wait for the cascades of rolling stock that will be made possible by electrification.

The most cost effective way to procure new trains is to keep existing production lines open and the stop-start policies of the recent past must be avoided. Investment priorities should therefore focus on steady procurement of existing rolling stock designs, electrification and modern signalling systems. Restoration of infrastructure capacity removed by British Rail as “economy measures” and reopening some closed routes will also be required. Protection for those routes with potential for reopening should now be treated as a priority. New routes will be needed in the long term and should be planned for now but this work should not take precedence over these objectives.

SUBMISSION TO PRIORITIES FOR INVESTMENT IN RAILWAYS ENQUIRY

Railfuture is a national voluntary organisation campaigning for better rail services and sustainable transport. This submission is made on behalf of the Policy Committee.

1.1 MAIN OBJECTIVES: ELECTRIFICATION: Given that oil prices will increase sharply again as the recession (now hovering around $74 a barrel it is already higher than the figure the DIT predict it will be by 2025) and growing concerns about security of supply together with ever stronger environmental pressures, our dependency on road transport will grow and the case for electrification is compelling.

1.2 Whilst the decision to electrify the Great Western main line to Bristol and South Wales as well as Liverpool to Manchester is very welcome, work must not stop on completion of these schemes but continue on a rolling programme in line with the Network Rail Electrification Route Utilisation Study (RUS). Electrification will also play an important part in efforts to meet Climate Committee objectives to cut carbon emissions and planned increases in power generation from renewable sources will further enhance the case for electrification. Electrification would also increase capacity through enhanced performance and better use of internal space.

1.3 NETWORK CAPACITY: Rising energy prices will generate demand for rail transport over and above that already predicted as the need for energy efficiency in transport intensifies. There is likely to be a significant mode switch to rail as road and aviation costs will rise disproportionately and the need to increase capacity of the rail network will become urgent. Restoring capacity removed by British Railways as “economy measures” will become a priority. Some examples of this are already happening as, for instance, on the Cotswold line redoubling.

1.4 A recent study for Invensys Group concluded that, pound for pound, investment in modern railway signalling and rolling stock procured more capacity than all other transport investment, including motorway widening.

1.5 Electrification would enable a cascade of diesel trains to areas that will remain unelectrified, but despite the recession, passenger growth is still occurring and overcrowding is so now acute in many cities, not just London, that the situation cannot wait for these cascades and new trains are needed now. Much of the existing diesel train fleet is also nearing the end of its useful service life and replacements will need to be planned for.

1.6 The most economical way to procure new trains is to keep production lines of existing designs open. The “feast & famine” train ordering policies of the recent past must be avoided and last minute panic buying of new trains to meet Rail Vehicle Accessibility Regulations (RVAR) by 2020 should not be allowed to inflate the cost of new rolling stock.

1.7 INFRASTRUCTURE: A larger train fleet will also require more stabling and maintenance facilities. Many station platforms will need to be extended to accommodate longer trains. Pinch points will need to be eliminated with grade separated junctions and passing loops at stations provided to enable fast trains to overtake stopping trains. Quadrupling on main lines will be needed and it should not be overlooked that many long established settlements have lost their connections to the rail network which should now be
considered for reinstatement under the ATOC “Connecting the Communities” study. Protection for routes with potential for reopening, such as the Oxford-Cambridge line and those identified by ATOC, should be given priority. Provision of more adequate car parking and safe cycle and pedestrian routes to stations together with more “Parkway” stations to relieve pressure on motorways are needed together with more bus-rail interchanges.

1.8 FREIGHT: Longer freight loops and loading gauge enhancements, at least to W10 gauge, on the DfT specified strategic freight routes to get more freight transferred from road to rail should be a priority. Diversionary routes should be developed for freight use.

1.9 NEW ROUTES: Assuming all the above measures are implemented, the time will come when new routes will be necessary to increase capacity. There will be many suggestions as to where such routes should go and high level debate with all stakeholders should begin as soon as possible. New routes should be planned for high speed since the most effective way to increase capacity on the existing network for more regional passenger and freight services is to get the long distance fast trains out of the way. However, we do not believe new routes should take precedence over the objectives outlined in 1.1 to 1.8 above.

2.1 OBJECTIVES: No one transport system can provide for all our needs. Rail forms part of an overall transport system that supports the economy and society. Whilst investment in rail (both heavy and light) represents excellent value for money the determination of objectives must be taken by a holistic approach to transport integration and must not be taken in isolation. A railway without roads to support park and ride or freight interchange is a waste of money. The objectives in railway investment are obvious and compelling but they must also support and integrate with logical investment in other modes to ensure a seamless multi-modal transport system.

2.2 The creation of eco-towns is a case in point, where rail can and will provide a major modal attraction. But we cannot have new towns without investment in roads and both types of investment must be assessed and integrated to ensure maximum value for money from each. Each mode must compliment and support the other; rail to attract those who don’t need to use the roads and therefore provide capacity on the road system for those who do need to use, resulting in modal equilibrium, (instead of wasting money through modal rivalry) producing sound, logical, value for money investment.

2.3 The current requirement for local and regional authorities to contribute 10% of the cost of road schemes while it is 25% of the cost for light rail schemes illustrates the present imbalance between road and rail funding criteria.

3.1 RAILWAYS AND THE ECONOMY: According to a DfT survey, 63% of rail journeys are commuting to work or education with a further 16% being business trips. Four fifths of rail journeys are therefore essential to the economy.

3.2 REGENERATION: It is well established that rail can play a vital role for regeneration in depressed areas and a good example of this was the town of Bathgate where unemployment became very high following closure of the nearby coal mine. The railway was reopened for passenger use and unemployment fell dramatically as access to jobs in Edinburgh became available without the need for a car. A similar situation is now happening in Ebbw Vale where passenger numbers on the reopened line are reported to be four times higher than predicted.

3.3 INDUSTRIAL ACTION: Regrettable though these actions are, they do provide examples of what happens when rail services are unavailable, particularly in London. Large numbers of people do not even attempt to get to work and those that do have very prolonged journeys. Leisure travel falls, retail sales decline and theatres suffer lower audiences.

3.4 FREIGHT: Rail freight is vital to the economy, particularly for movement of bulk traffic like coal to power stations, and will become increasingly important to the economy as energy prices increase and to the environment as the need to meet Climate Bill objectives gathers pace.

4.1 LONG TERM DEVELOPMENT: As noted above, detailed plans for major new infrastructure should be planned for in parallel with short and medium term investment in capacity improvements so that work can begin as soon as it becomes clear that it will be needed. Consideration also be given to the effects of rising energy costs on demand for energy efficient modes such as rail, light rail, and rapid transit.

5.1 INTEGRATION WITH OTHER MODES: Railfuture have long campaigned for integrated public transport. Competition to rail services comes from the car and aviation, not between bus and rail. Rail and bus and to some extent, coach services, should have integrated timetables and ticketing as is common practice in Switzerland. This will require a complete review of Competition Commission and OFT rules and Objectives.

5.2 SPATIAL PLANNING: New developments, particularly eco-towns, should be planned around the availability of rail facilities. Environmental concerns will increasingly influence travel choice and the importance of rail in this respect must be given priority. Spatial planning to reduce the need to travel will also gain importance.

6.1 PASSENGERS VIEWS: Major infrastructure decisions need not involve passengers views but on matters such as timetables and train design passengers views are not given due consideration. For example a recent Passenger Focus survey confirmed that most passengers want to be able to see through a window and some 62% preferred seating bays with a table to airline seats, many of which have no view through a
window. Another advantage of bay seating, which is ignored in most modern trains, is the ability to store luggage between the seat backs. Passengers are known to prefer to have their luggage near to them in this way and it also removes the added risk of injury in the event of a train accident resulting from heavy luggage falling from overhead racks. Despite this, most trains are being predominately fitted with airline seats which, apart from being unpopular, create a mismatch between passenger space and luggage space.

6.2 FARES POLICY: A majority of passengers regard rail fares as poor value for money and very confusing. Inconsistent restrictions on the use of off-peak fares adds to this confusion and is now a deterrent to rail travel. Passenger groups urgently need to be consulted on fares policy but the influence of Government policy on fares is noted.

6.3 At this point it would be appropriate to mention that Railfuture has been researching the amount of money paid back to government by the rail industry from a variety of taxes, premium payments, profit and revenue sharing agreements and interest charges. From the information received so far, it is clear that at least £2 billion per year is paid back and that the net cost of the industry to the tax payer is considerably less than the figure currently being used to determine fares policy and that there can no longer be any justification for annual above inflation fare increases.

6.4 COST CUTTING MEASURES: Other issues where passenger groups need to be consulted concern cost cutting measures that make rail travel less attractive such as withdrawal of restaurant facilities, cutting ticket office opening hours and closure of travel centres. Installation of ticket barriers can be inappropriate at many stations and passengers’ views on station design should be considered.

7.1 HLOS PRIORITIES FOR CP5: As noted in 1.1 to 1.5, priorities for investment should be broadly as follows:

(a) A rolling programme of electrification.
(b) Re-signalling for extra capacity and line speed improvements.
(c) Continuous production of rolling stock to keep train costs down and increase capacity.
(d) Infrastructure enhancements to eliminate pinch points and expand capacity.
(e) Reopen strategic routes such as Oxford-Milton Keynes-Cambridge and others as per ATOC study.
(f) Loading gauge enhancements to at least W10 gauge.
(g) Expand station car and cycle parking to improve access to rail services.
(h) Prepare detailed plans for new routes including high speed.

Some of these objectives could be carried out in parallel, for example, electrification, loading gauge enhancements and re-signalling.

8.1 CURRENT INVESTMENT: The rolling stock plan is clearly inadequate and the recent DfT decision to cancel the interim order for 202 diesel multiple units is to be deeply regretted. Once again manufacturer’s order books will swing from feast to famine and train costs will only increase as a result. When will the DfT and Government learn from past mistakes?

8.2 THE RECESSION: The recession is likely to have less effect on rail than on aviation and road traffic. Indeed, rail growth in 2008–09 was up 3.4% overall while both aviation and road traffic fell. Acute overcrowding is still a reality on many services and the situation cannot wait for a cascade of rolling stock from the Thameslink upgrade and Great Western electrification. The recession will only cause a temporary slow down in demand and should not be used as a reason to postpone planning for the future. Planning for the future must include probable increases in demand for rail transport caused by high energy prices.

8.3 THE ORR DETERMINATION: We would strongly support Network Rail’s investment plan for CP4 but regret that the ORR has scaled back the HLOS determination, meaning that Network Rail will have to resort to more borrowing. Similarly, the £1.1 billion Great Western and Liverpool to Manchester electrification proposal will have to be financed from interest bearing loans made possible by raising Network Rail’s asset base. This method of funding increases the cost of rail projects and is in stark contrast to funding for most road schemes. Interest charges on rail investment already amounts to about £1bn a year.

9.1 INVESTMENT IN THE RECESSION: There are strong arguments to support investment in essential projects during a recession—raw material costs are low, there is no shortage of labour, major infrastructure works cause less disruption when demand for services has slowed and job creation reduces the unemployment benefit burden on government whilst generating revenue for the Treasury from income tax, national insurance and VAT, thereby reducing the cost of schemes.

9.2 CLIMATE CHANGE: Environmental concerns will intensify and transport will have to play its part in efforts to meet Climate Bill objectives to dramatically cut carbon emissions. Railway electrification will not only reduce carbon emissions because electric trains are more efficient than diesel, but they are able to use energy generated from any source, including renewables. It should be remembered that Swiss railways operate 100% carbon free as they are powered from hydro electric plants. As our power generation mix switches to more renewable energy, rail’s already low carbon footprint will reduce still further, reinforcing the case for more electrification.
9.3 VALUE FOR MONEY: As noted above, investment in modern railway signalling and rolling stock is the most cost effective way to increase transport capacity. It is also claimed that rail investment generates more jobs than road investment, many of which are high skill jobs in signalling and telecommunications, and because access to jobs does not require the use of a car. While the DfT’s NATA Refresh will help to improve the business case for many rail projects, Railfuture remains concerned that a bias towards road schemes is still present due to the continued inclusion of road fuel tax treated as a disbenefit for rail schemes whilst it is taken as a benefit from road schemes, and the controversial inclusion of a value on small time savings for motorists, the majority of whom do not even notice them.

10.1 CONCLUSION: For more than four decades, the road network has been systematically improved and expanded while the rail network has seen significant contraction, both in terms of route length and route capacity. Rail is acknowledged as the safest means of transport and an energy efficient and low carbon mode. Although much smaller than the road network, rail fulfils a vital role in support of the country’s economy and social well being.

10.2 It is often said that since rail accounts for only 7% of passenger km’s (and 11.5% of freight tonne km’s), most investment should be put into roads. However, such comparisons fail to account for the fact that the total route mileage of all railways in Britain, including London Underground and light rail systems, amounts to barely 4% of our surface transport infrastructure and 96% is already roads and if lane km’s were compared to track km’s the difference is even greater. The reason most journeys are by road is because for the great majority of them, a rail alternative does not exist but where they do, they are frequently more intensively used than roads.

10.3 The resurgence in demand for rail transport has seen passenger numbers reach record levels but the train fleet has not expanded to keep pace with passenger demand and severe overcrowding is now prevalent on many services. This trend is set to continue for a variety of reasons as seen above and the recession should not be used as a reason to withhold or delay funding for much needed improvements in capacity.

We would respectfully urge the Select Committee therefore to recommend continued investment in the rail network, at least at current levels.

September 2009

Memorandum from Railfuture North East branch (PIR 04)

STRATEGY AND CONTEXT

1. In July 2007, the Department for Transport published a White Paper Delivering a Sustainable Railway. This purposed to be a 30 year strategy for the railway, but was combined with shorter term obligations, specifically the high level output statement (HLOS) and statement of funds available (SOFA). The White Paper specifically discounted both widespread further electrification and the construction of further high speed lines. In its report on the White Paper, the Transport Committee concluded:

   The White Paper, setting out the Government’s objectives for the railways over the next 30 years, and the HLOS, providing a detailed five-year plan, were published as one integrated document. Our analysis of this document has demonstrated that the White Paper has very little to add to the five-year plan set out in the HLOS. If the two had been entirely separate documents, there would have been very little to publish as a White Paper, and the Department would have been forced to come up with a much stronger and bolder vision for the long-term future of the railways. The Government should now seek to develop a genuine 30-year strategy.

2. Two years and two secretaries of state later much has changed. New high speed rail links are now definitely on the agenda, and electrification schemes for the Great Western line to Bristol, Cardiff and Swansea, and between Liverpool and Manchester, have recently been announced. The intention to electrify track means that the earlier rolling stock strategy is out of date, and a new one is promised for the autumn. The industry itself now has a greater sense of confidence, as is evident from the ATOC report Connecting Communities.

3. Both high speed line and electrification initiatives are long term ones, and in the time scales of their planning and execution it is reasonable to assume that the country will have emerged from its present financial difficulties. Even at a time of financial stringency, investment in these crucial infrastructure projects is necessary if the UK is not to become uncompetitive with its continental counterparts.

4. Now that the (absence of) strategy of the 2007 White Paper has been so comprehensively overtaken by recent developments, a new strategy is timely. From this would flow a set of priorities for the railway that would underpin spending decisions.

5. There are, of course, other DfT strategies that have a bearing on rail investment priorities. In Delivering a Sustainable Transport System (DaSTS), the Government sought to explain its approach to strategic transport planning for the period 2014 and beyond, reflecting the recommendations of the Eddington study.
of transport’s role in sustaining the UK’s productivity and competitiveness, and the findings of the Stern review of the economics of climate change. As required by the Climate Change Act 2008, DfT has published its carbon reduction strategy for transport Low Carbon Transport: A Greener Future.

THE COSTS OF THE PRESENT DAY RAILWAY

6. The construction and maintenance of railways are disproportionately expensive, with schemes often seeming to cost several multiples of comparable projects elsewhere. The running costs of the railway also seem to have run ahead of inflation. In part, this is due to the fragmented structure of the industry. Getting agreement among several parties to particular enhancements is difficult and time consuming. The inordinately lengthy planning process inevitably leads to schemes increasing in cost by the time construction begins. The individual contractual arrangements required to operate any given franchise are lengthy and require large armies of lawyers and accountants to police them. At a time of financial stringency, these extravagances can no longer be afforded.

7. An example of the cost savings that can be achieved comes from Network Rail’s initiative to take maintenance work in house. DfT is making plans to run East Coast services for a year, when National Express relinquishes the franchise, while it prepares to find a new operator. It may well become apparent during this interregnum how costly is the operation of the existing system of franchises.

8. There is also the issue of excessive rolling stock leasing costs. The Competition Commission concluded that DfT rather than the ROSCOs was responsible, but didn’t challenge the assertion that TOCs were paying through the nose for rolling stock. A new rolling stock strategy is promised for the autumn. It would help if this is informed by the outcome of the Competition Commission enquiry and reshapes the market for rolling stock in order to build in greater competition and thereby lower costs.

REGIONAL PRIORITIES

9. In its response to the Transport Committee’s enquiry on the 2007 Railway White Paper, the North East Combined Transport Activists Roundtable (NECTAR) outlined the following regional priorities:

Some of the North East already enjoys fast links to London via the East Coast Main Line. Prosperity in the North of England would best be promoted by fast links between its cities and city regions. We would like to see high speed services, not only to London and Scotland, but also to Leeds, Manchester and Liverpool (much faster than current Transpennine Express services), and to the Midlands, South and South West.

As well as these rail links to other parts of the North of England and other parts of the UK, we would like to see rail services properly integrated with other forms of public transport and the delivery of a modern railway fit for purpose 30 years hence. This would give public transport options to residents of rural areas. It should not be forgotten that the North East of England contains some of the most sparsely populated parts of the country.

Our response to the current enquiry should be seen from this perspective.

PRIORITISING INVESTMENT IN RAIL

1. In the medium to long term, what should be the main objectives for investment in the railways, in order to improve both freight and passenger services?

10. Transport policy, like all other aspects of government, needs to reflect the challenges of climate change. This is now a legal obligation imposed by the Climate Change Act. Rail is a low carbon means of transporting passengers and freight, and spending on rail should therefore be prioritised over higher carbon transport modes. This is especially true of air transport, where the true impact of carbon emissions including radiative forcing, together with steep falls in patronage, should see expansion projects re-examined.

11. The main objectives of transport policy and hence investment should be:

— To use the existing infrastructure and rolling stock more efficiently (something which is not cost-free but entails little capital spending);

— To identify and execute the many “quick wins” that exist whereby small spends make the rail option significantly more attractive and efficient;

— To promote more capital intensive projects such as infill electrification where these give network benefits such as alternative diversionary routes, and to allow cascading of diesel rolling stock to other parts of the country where non-electrified routes are overcrowded. There is a measure of agreement that such infill projects will allow Network Rail to build up its implementation capacity ahead of large scale electrification projects such as the Great Western line; and

— To develop major projects such as mainline electrification and the high speed rail network.

12. In the North East, we would like to see small electrification projects including the Tyne Valley (an important diversionary and freight route as well as for passenger services) in the medium term, together with the Durham Coast and Middlesbrough to Northallerton/Darlington in the longer term. Improved access to the regional centre, Newcastle, requires more carriages to overcome present levels of overcrowding at peak
times. Rail freight facilities at ports for container and bulk traffic; flows between North East and North West via Leeds and via Hexham, clearance of the North East network for W10 or bigger, East Coast Main Line to European destinations for channel tunnel trunk traffic, are all suitable candidates for investment.

2. How should these objectives be determined?

13. They should be assessed in terms of carbon reduction and the role of transport in sustaining the UK economy, by reference to the policy documents cited above. Investment in the railways also gives a number of valuable benefits, namely increasing available public transport options, providing additional diversionary routes thereby helping the move towards a 24/7 railway, and enhancing freight services thereby reducing the number of lorries on the roads. Of great interest in the North East are the social benefit to rural communities and the benefit to non drivers, especially the young and the elderly.

3. What is the impact of rail enhancements on the economy?

14. There are many benefits. Spending on capital projects is a classic countercyclical economic measure to protect the employment of skilled workers and the continued existence of engineering businesses. The rail enhancements themselves will promote the economic competitiveness of the UK, particularly those of regions such as the North East of England where links between city regions are poor.

15. The role of railways in removing lorries from the roads will have a significant positive impact on road safety. In 2007, HGVs comprised 5.7% of vehicle kilometres but were involved in 17% of fatal crashes. Reducing the numbers of cars will make for a safer and less polluted environment that will benefit walkers and cyclists, with attendant health benefits to them and cost savings to the health service.

16. Economic benefits will also flow from station redevelopments, which play an important role in regenerating inner city areas and providing a focal point for urban centres, eg the new Birmingham New Street station.

4. How should long-term development of major new infrastructure, such as high speed lines, be balanced against short and medium term investment to improve capacity and passenger experiences?

17. Both will be required. This should not cause conflict because expenditure on shorter term projects will be incurred much earlier than that on high speed lines, which will inevitably take time in the planning phases.

18. Large and expensive “prestige” projects are often criticised for draining resources from smaller scale projects that may be of benefit to larger numbers of people spread over a wider geographical area. Continuing to invest in the existing railway if a high speed project is eventually sanctioned remains vitally important. Even if construction of the entire London—Scotland high speed route favoured by Network Rail were to come about, Wales, the South West, the East Midlands and Eastern England and the North East will be left relatively untouched by the project. The need for significant infrastructure, capacity, rolling stock, station and service frequency enhancements in those regions would remain as great as ever.

19. Passenger experience includes the availability of a seat (capacity) other than on very short journeys. Capacity is about frequency as well as seats. On shared use lines this will be affected by freight paths and freight train length. Short and medium term investment should be designed to reflect and support long term programmes. Together, the short, medium and long-term programmes should result in improved provision for local and long distance travel, urban and rural, passenger and freight services. Investment should be designed to attract new users as well as to improve provision for existing users.

5. Is enough consideration given to the integration of rail with other transport modes, and with demographic developments, such as new housing developments, when rail investment decisions are made?

20. The experience of the Eco towns first proposed suggests that some planners in central government are oblivious to the relationship between rail, other transport modes and major residential developments. In general, such consideration is woefully inadequate, as is integration with other policy areas such as energy, climate change, health, economic marginalisation and sustainable development.

21. An investment decision that would help the integration of rail with other transport modes, and also allow rail passengers to get to the heart of towns and villages, is the tram train. A two year trial on the Penistone (Sheffield—Barnsley—Huddersfield) line that was set to commence at the end of 2010 has been superseded by one between Rotherham and Sheffield. This aims to evaluate the running of tram trains on an existing freight route and on the street running Sheffield Supertram network. It might allow closed lines where part of the route is blocked to be re-opened because diversions around the blockages need not conform to heavy rail standards. In places such as Washington and Peterlee, heavy rail can reach the edges, but tramtrains could reach the central areas relatively cheaply.
6. Is enough consideration being given to the views of passengers in making investment decisions on the railways?

22. DfT has an established track record of not listening to passengers. This is particularly true of franchise specifications, something that has a direct impact on the passenger experience. For example, the decision to withdraw Cross Country trains from the North West, requiring more changes at Birmingham New Street station, was made in the face of widespread passenger concern. Ticket gates are being introduced as a requirement of new franchise agreements with no reference to passengers.

23. The principal concerns of passengers are punctuality, reliability, capacity, fares, on-board and station quality.

24. Pacer trains, ubiquitous around the North East, are unpopular with passengers, but the need to provide better quality rolling stock that would attract prospective passengers out of their cars has yet to feature in rolling stock strategies. The existing fleet is over twenty five years old and it is imperative that plans are made for its replacement. When looking to replace Pacer trains, this should be seen as an opportunity to create a national specification for a tram-train which could easily be transferred between different parts of the country.

25. A key omission is the views of those who currently do not use the railway.

7. What should be the key priorities for the next High Level Output Statement?

26. We would suggest the following:

- Filling small electrification gaps;
- New rolling stock; cascading of more modern diesel trains from electrified lines;
- Station facility improvements;
- Freight facilities including terminals and loading gauge; and
- Integration with other funding streams such as regional funding allocations, DaSTS and the transport innovation fund.

THE CURRENT RAIL INVESTMENT PRIORITIES AND THE IMPACT OF THE RECESSION

8. Is the current investment programme sufficient for the needs of the UK economy and for passengers themselves?

27. Not by comparison with many continental European countries, nor other parts of the world. Improvements are necessary across the rail system: greater capacity, freight enhancements, more and better rolling stock, station improvements.

9. In light of the current economic crisis is it still important that projects designed to increase capacity continue on the present timescale?

28. Yes. The increase in rail patronage has not actually fallen as a result of the economic downturn, merely increased at a lower rate. For example, the 8% current annual growth generally for Northern Rail is reflected locally in the 8% growth in the Tees Valley. Overcrowding remains a serious problem into and out of most major cities.

29. Extending rail to excluded communities (Blyth, Ashington, Washington and Peterlee) would reconnect 100,000 people in the North East to the rail network, boost the local economy and improve employment prospects for many. In many cases the infrastructure required is still there. Belford and Gilsland are reopening projects in the North East that are cheap, require insignificant changes to passenger services and, in the latter case, contribute to sustainable tourism at the Hadrian’s Wall World Heritage Site.

CONCLUSION

30. Investment in the nation’s railways will have social, economic and environmental benefits and is worth pursuing even in financially straitened times. This investment fits with other national priorities, and if sustained over the longer term will fit the country to meet future challenges from European competitors who have already embarked on expansion of their rail networks.

REFERENCES

1. Delivering a Sustainable Railway, Department for Transport, Cm 7176, July 2007 (http://www.dft.gov.uk/about/strategy/whitepapers/whitepapercm7176/hitepapersustainablerailway1.pdf)


7. **National Express East Coast franchise**, statement by Rt Hon Lord Andrew Adonis, Secretary of State for Transport to the House of Lords, 1 July 2009 (http://www.dft.gov.uk/press/speechesstatements/statements/eastcoastfranchise)


---

**Memorandum from Freight on Rail (PIR 05)**

**Freight on Rail definition**

*Freight on Rail* is a campaign working to get goods off roads and onto rail as an important step in developing a more sustainable distribution system.

*Freight on Rail* is a partnership between transport trades unions, freight operating companies, the Rail Freight Group and Campaign for Better Transport. It works to promote the economic, social and environmental benefits of rail freight both nationally and locally. It advocates policy changes that support the shift to rail and provides information and help on freight related issues to central, regional and local government.

1. **In the medium to long term, what should be the main objectives for investment in the railways, in order to improve both freight and passenger services?**

   Rail freight provides a low carbon, energy efficient, safe alternative to road distribution which not only helps the Government achieve its carbon reductions targets but also reduces road congestion and exposure to road accidents.

   A report published by the Institution of Mechanical Engineers in early 2009, states “as an option for the reduction of carbon emissions, the rail freight sector is leagues ahead of all the other options available. The target should therefore be to deliver far greater levels of growth in the rail freight sector than are currently projected”

   There is suppressed demand for rail freight because of limitations of rail network. Government forecasts show that container traffic will grow by 17% by 2030. Therefore it is crucial that the rail freight network is enhanced so that rail can play its full role in servicing the low carbon economy.

Main priorities for rail freight are as follows:

**Support for the Strategic Freight Network Vision (SFN)**

In June 2009 the DfT published the Strategic Freight Network—The longer Term Vision which states what is needed to increase rail freight volumes. Investment of £220 million has already been committed between 2009 and 2014 to commence the development of the SFN which is crucial in attracting third party funding. However, this investment is modest compared to the high cost of upgrading motorways and needs to be continued from 2014 onwards in order to realise the full benefits of the SFN.
CONTINUED INVESTMENT NEEDED IN SFN FROM 2014 ONWARDS

Continued funding in (Network Rail Control Period 5) would enable more gauge clearance and capacity enhancements of key SFN routes is crucial if rail freight is to play its role in the low carbon economy. No commitment has not been forthcoming, so far. A priority example being the capacity upgrades needed on the Felixstowe-Nuneaton route which would mean that 40 million lorry miles each year could be removed from the route. See section 7 for detailed schemes.

The key principles behind the SFN longer term vision are:

(a) A network for gauge cleared routes for higher containers for deep sea, refrigerated and container and European swap bodies to provide a reliable robust network with diversionary routes.

(b) Longer and heavier freight trains allowing for 750 million long trains to operate as standard on certain routes.

(c) Electrification of freight routes especially small infill schemes linking existing electrified routes and lines with heavy long-distance freight usage. An example of which is the Gospel Oak to Barking scheme which would have passenger and freight benefits, see section 7A for full details.

(d) European Freight Link which builds on the use of High Speed 1 by mainland European high capacity wagons by enhancing the network to enable them to reach the Midlands potentially via the electrified Midland Main Line.

(e) Seven day railway
Rail freight needs to operate 24 hours a day, seven days a week like road freight does. For example the supermarket trade wants and deserves 24/7 access to the railway.

(f) Additional freight capacity on key arterial routes or those that avoid major conurbations.

(g) Land use planning policy needed which allows new interchanges to be build, ranging from the large Strategic Rail Freight Interchanges (SRFIs) to medium and small terminals

Rail freight needs national regional and local spatial planning policies which both support rail freight by protecting key rail transport corridors/key sites for interchanges and enables planning permission to be gained for terminals/interchanges. Without terminals rail freight volumes cannot grow.

SUPPORTIVE LAND USE PLANNING FRAMEWORK FOR RAIL FREIGHT IS WITHIN THE GIFT GOVERNMENT

This is where Government can provide a land use planning framework which supports rail freight without needing to give any actual funding.

NATIONAL POLICY STATEMENTS NEED TO CATER FOR RAIL FREIGHT AND STATE THAT REGIONAL DEPOTS SHOULD BE CAPABLE OF BEING ACCESSED BY RAIL

The Independent Planning Commission (IPC) introduced by the Planning Act (2008) should make it easier to get planning permissions for large SRFIs for which the threshold is 60 hectares. However, the majority of terminals/interchanges fall outside the remit of the IPC because they are under 60 hectares and rely on regional and local spatial plans supporting rail freight for local planning authorities granting them planning permission. Unless there is national, regional and local policies supporting rail freight terminals, it is difficult for councillors to vote in favour of terminals which have wider regional and national social and environmental benefits but have local disadvantages, such as more HGV traffic.

NEED TO PRESS FOR REGIONAL SPATIAL PLANNING TO BE PRESERVED

Regional strategies are being revised but will retain their statutory status and set the regional framework and context for rail freight and also set the policy context for local authorities to follow in Local Development Frameworks (LDFs) and Local Transport Plans.

The following policies are also crucial for rail freight:

RETENTION OF SUSTAINABLE DISTRIBUTION FUND

Grants are an important mechanism to promote sustainable freight distribution which compensate for inequalities in the freight market given that road and air do not internalise all their external costs.

REVENUE GRANTS

Current environmental benefits schemes (grants) buy environmental, congestion and safety benefits by paying a subsidy to move a container by rail instead of road where rail is unable to compete with road on price. Without these grants, trainloads of rail freight would be forced back on to the congested road network.

Mode Shift Revenue Support (MSRS) will replace existing Rail Environmental Benefit Procurement Scheme (REPS) from 2010. However, the budget has not been confirmed beyond March 2011, because of delays to the Comprehensive Spending Review, even though all rates and approval has been given for five years. Action needs to be taken to ensure that the budget is confirmed beyond 2011 at or above current levels to support growth. Without this rail flows and jobs will be lost and freight forced back onto congested roads.
**CAPITAL GRANTS—FREIGHT FACILITY GRANTS (FFGs) NEED TO BE REVISED**

FFGs are an important mechanism to offset the initial start up costs of the transfer to rail. Uptake of the existing budget has been poor for various reasons. These include the risk of having to pay back grant if environmental benefits are not delivered, 50% maximum contribution, poor promotion by the DfT and slow down in growth in bulk sector. Some grants have been turned down for reasons of competition between terminals.

FFG needs to be reworked in line with rail freight forecasts to cater for growth in domestic inter modal, international and deep sea traffic.

They also need to be aligned with Government policy on SFN to complement planned network enhancements and align grants with National Policy Statements and Strategic Rail Freight Interchanges (SRFIs) taking into account third party traffic.

**STABLE TRACK ACCESS CHARGES**

This will enable freight operators and customers to plan longer term and result in longer term contracts being agreed.

2. **How should these objectives be determined?**

   Appraisal system needs to take into account all external costs and congestion costs of all freight modes.

   A lorry user charging system could address the issues about foreign lorries contributing to their external costs imposed on the UK.

3. **What is the impact of rail enhancements on the economy?**

   To evaluate the benefits of rail enhancements you can study examples of its existing role in the economy:

   (a) A quarter of all containerised goods imported to the UK move by rail, including clothes, food toys etc. Shippers are calling for more trains out of Felixstowe where rail has 24% of the market. The planned enhancements, only part of which has been funded could take rail’s share to between 35%–40% and remove 40 million lorry miles each year from the route along the A14.

   (b) Britain’s fastest freight train moves letters at 100mph.

   (c) Rail freight’s heaviest train is 4,000 tonnes equal to 160 lorries.

   (d) Rail freight keeps the lights on by moving 35% of the fuel used to make electricity.

   (e) Rail freight’s impact on regional and local economy.

**THE VALUE OF LOGISTICS JOBS**

- Dispatch clerks, warehouse pickers: £300 pw
- HGV/truck operatives: £350 pw
- Supervisory: £400 pw
- Call centre operators: £278 pw
- Main logistics positions needs skills including IT

Source Midlands Logistics Study MDS Transmodal Regeneris 2005

Changes in employment and industry patterns show that warehousing (B8) can offer as many jobs as manufacturing (B2) and in some cases create more jobs than modern manufacturing or modern offices (B1c). TfL stated that the cross section of B8 related jobs can play an important community role as "warehousing and logistics also have the potential to contribute to social inclusion by providing a range of employment opportunities at different skills levels and typically within or close to areas of relative deprivation".

**JOBS AT TERMINALS/INTERCHANGES**

<table>
<thead>
<tr>
<th></th>
<th>Direct</th>
<th>Indirect</th>
<th>Size (HA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DIRFT existing</td>
<td>2,595</td>
<td></td>
<td>180</td>
</tr>
<tr>
<td>Howbury Park proposed</td>
<td>2,670</td>
<td>2,668</td>
<td>67</td>
</tr>
<tr>
<td>Port Salford</td>
<td>1,950</td>
<td>195</td>
<td>116</td>
</tr>
<tr>
<td>Trafford</td>
<td>4,981</td>
<td>2,105</td>
<td>136</td>
</tr>
<tr>
<td>Parkside</td>
<td>7,000</td>
<td>1,000</td>
<td>147</td>
</tr>
<tr>
<td>Radlett</td>
<td>3,257</td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Teesport</td>
<td>2,000</td>
<td>3,000</td>
<td></td>
</tr>
</tbody>
</table>

Data compiled by Intermodality for the Railfreight Interchange Investment Group

It is estimated that rail freight operators employ around 7,200 staff directly with other staff employed by Network Rail, at ports and terminals and other suppliers.
4. How should long-term development of major new infrastructure, such as high speed lines, be balanced against short and medium term investment to improve capacity and passenger experiences?

Development of major new infrastructure such as high speed lines should not take any resources and investment away from Strategic Rail Freight Network.

High speed passenger lines can free up existing capacity for freight services.

5. Is enough consideration given to the integration of rail with other transport modes, and with demographic developments, such as new housing developments, when rail investment decisions are made?

It is crucial that transport planning is integrated into land use planning so that new developments are environmentally sustainable with passenger and freight services available where appropriate.

In the case of the Thames Gateway development, it is crucial that there are sufficient capacity upgrades to key routes to London and north to cater for the new port redevelopment.

6. Not applicable for freight

7. What should be the key priorities for the next High Level Output Statement?

(a) Gospel Oak—Barking electrification

Reinstatement of Gospel Oak to Barking rail electrification, remains a priority project with a good business case for passenger and freight services. Benefits of scheme include elimination of some North Thameside freight services crossing the Great Eastern Main Line between Forest Gate and Stratford. This would improve infrastructure capacity and Crossrail as well as providing a diversionary route across North London for electrically hauled freight.

(b) Felixstowe to Nuneaton outstanding capacity work which is not part of the committed CP4 work.

(c) Capacity and route clearance for big the freight railway provision for European gauge trains beyond Barking towards the main distribution centres of the Midlands and the North.

(d) Outstanding additional work on the NG/GE Joint line.

(e) Southampton to WM capacity upgrades.

SWWL Basingstoke to Action Wells Jct via Kew gauge clearance.

(f) GWWL Reading to WCML South.

(g) Transpenine.

(h) Buxton line capacity and line speed improvements which would help freight access to Peak Forrest area via Buxton.

(i) Round Oak to Walsall re-opening capacity which would help freight train length by avoiding the Lickey incline.

(j) Redhill remodelling could help Tonbridge Redhill Reading freight route.

(k) General fund for train lengthening.

General fund for gauge and studies

8. Is the current investment programme sufficient for the needs of the UK economy and for passengers themselves?

If freight transport is to reduce its carbon footprint it is crucial that the SFN is developed so that rail freight’s low carbon benefits can be realised.

SUPPORT FOR RAIL FREIGHT DURING THE RECESSION WHICH FURTHERS CARBON REDUCTIONS

LINKING GOVERNMENT SUPPORT FOR INDUSTRIES TO SUSTAINABLE DISTRIBUTION MODES

Many of the businesses seeking Government support, such as the motor industry, could by using rail reduce their carbon emissions and increase their efficiency. We are therefore asking that the Government investigates the opportunities to support the rail freight industry by linking any Government support for industry to the use of rail freight, where appropriate.
9. In light of the current economic crisis is it still important that projects designed to increase capacity continue on the present timescale?

Yes because rail can help the Government to meet its climate change emissions targets as part of a low carbon economy.

**RAIL FREIGHT’S ENVIRONMENTAL, SOCIAL AND ECONOMIC BENEFITS**

Rail freight provides a low carbon, energy efficient, safe alternative to road distribution which can help the Government achieve its carbon reductions targets.

*Using rail freight produces 3.4 times less CO2 per tonne-km than road transport* which means that switching to rail freight delivers a 70% reduction in CO2 emissions compared to the equivalent road journey. *Source DFT Logistics Perspective Dec 2008.*

**SAFETY**

In most circumstances the transport of freight is safer by rail than by road, due to lack of proper enforcement of drivers’ hours, vehicle overloading and differing foreign operating standards.

Rail freight reduces road congestion as an average container train can remove 50 long distance HGVs and rail freight’s heaviest bulk cargo trains are equal to 160 HGVs. *Source Network Rail.* The DfT estimate that the cost of congestion is up to £1 per lorry miles on the most congested roads. Rail cannot replace road journeys completely as there is still a need to move goods to and from rail hubs but it can reduce the need for long distance road haulage.

*September 2009*

---

**Memorandum from ASLEF (PIR 06)**

1. The Associated Society of Locomotive Engineers and Firemen (ASLEF) is the UK’s largest train driver’s union representing approximately 20,000 members in train operating companies and freight companies as well as London Underground and Overground. With our long experience and extensive knowledge of the UK rail industry, ASLEF is well placed to comment on the current issues and developments in the sector.

2. ASLEF welcomes the opportunity to contribute to this Transport Select Committee Inquiry into Priorities for Investment in the Railways. The long term objective for rail investment must be to increase capacity and reduce carbon emissions.

3. The union believes that a dedicated freight line would bring a range of long term benefits to the railway and transport infrastructure in the UK. The Eurorail Freight Route, as advocated by Kelvin Hopkins MP, would link the Channel Tunnel to Glasgow via all the main economic and population centres up the backbone of the UK. It requires only 14 miles of new track of which 9.5 miles would be in tunnels. The plan would cost less £4 billion.

4. The Committee will recognise that freight trains and passenger services operate at different speeds so a plan to help reduce the two services using the same track would have palpable benefits. A freight line would remove traffic from of the west coast mainline and the east coast mainline. The result would be greater capacity and faster services for passenger trains and would boost the rail freight sector allowing more capacity and reliability and therefore less trucks and carbon emissions as lorry miles reduce.

5. ASLEF believes that a High Speed line would have a dramatic impact on the UK rail network’s future capacity issues. The West Coast Mainline is likely to be at full capacity by 2020 preventing the essential growth of rail travel. Network Rail has said “by 2020 we will be turning away passengers.” The high speed line proposed by Network Rail would cost £34 billion but lead to £55 billion of value. On top of this it would reduce domestic air travel due to the reduced journey times to the north of England and Scotland.

6. In addition ASLEF welcomes the Government’s recent announcement on the electrification of the Great Western line and recognition that such an infrastructure development will improve efficiency, journey times and reduce carbon emissions. At present only a third of the railway network is electrified and Britain has many diesel trains running over electrified tracks.

7. Electrification has many long term savings and due to there being fewer moving parts, maintenance on the trains becomes simpler and cheaper. Also, because the vehicles vibrate less and are more rugged, electric traction trains have far longer operational lives meaning they are more cost efficient. We would urge the Committee to examine the case for greater electrification of the network including the Midland main line and many of the suburban routes around Leeds and Sheffield.

8. We welcome the pilot projects of the European Railway Traffic Management System (ERTMS) and urge Network Rail to roll out this infrastructure development as rapidly as possible. ERTMS would greatly assist in the capacity challenges the UK rail network faces.
9. We would also point out that gauge work can help increase the amount of freight taken by trains. There are many areas of the country that could benefit from gauge enhancement such as, for example, the Tottenham Hampstead Line.

10. ASLEF believes that a key aim of investment in the railways has to be cultivating a modal shift from air to rail and from car to train in order to aspire to the objectives of the Government’s carbon reduction strategy. An increase in rail capacity is strongly linked to a decrease in car journeys undertaken with the result that there is less carbon emissions. Decisions must therefore be determined by which will best deliver these outcomes.

11. The union takes the view that infrastructure work can have a positive effect on the economy not least in terms of generating counter-recessionary employment in the rail industry and beyond as well as stimulating demand in the economy and assist in driving the economy out of recession. Rail could be used to direct the Government towards meeting climate change targets in addition to being part of our overall “greening the economy” policy. Rail enhancements have the potential to boost employment across the construction, motor manufacturing, intermodal, steel and infrastructure sectors by improving the distribution networks for these industries.

12. Moreover major infrastructure developments would also help stimulate activity in the rail freight industry which is highly dependent on Network Rail’s infrastructure contracts. For instance, the largest rail freight company in the UK DB Schenker receives 40% of its revenue from Network Rail. There are also huge benefits to business in faster journey times between regional cities and London.

13. ASLEF believes that while it is important to balance long term and short term investment, it is also essential that works are not simply missed due to large projects such as high speed rail. Short infill projects, for example, can give extremely high value for money. For example, routes that are electrified except for a short stretch often have diesel locomotives running under electric lines. A small infill would allow electric traction and gives similar value for money as a whole line being electrified.

14. The union also believes that Network Rail ought to give more consideration to disused lines in order to enhance the capacity of the rail network. In the southern region, for instance, reopening the Lewes Uckfield line could reduce many of the capacity issues around Gatwick Airport.

15. ASLEF takes the view that Britain still lacks a fully integrated transport network and longer term visions are needed for planning. There is often a lack of co-ordination between train operating companies on timetabling. Freight depots must allow containers to travel the length of the country by rail, with only the last few miles being taken on road. Bus and train times should be considered together to ensure ease of use. Only with this integration will we be able to cultivate the modal shift necessary to incentivise people out of their cars and on to trains and move freight off of the road and on to rail.

16. To conclude, ASLEF welcomes the opportunity to contribute to this consultation. We applaud recent announcements on electrification and high speed rail which go a considerable way to addressing the long terms capacity needs of the UK rail network.

17. We believe there is a need for a designated freight route to free up capacity on the East and West Coast mainlines and don’t believe the £200 million allocated for a strategic freight network is anywhere near sufficient.

18. Compared to air and road, rail is the most benign form of transport in environmental terms. Investment in rail is not only vital to greening the economy but also to stimulate demand in a range of linked industries from steel to car manufacturing.

September 2009

*Memorandum from the Royal Borough of Kensington and Chelsea (PIR 07)*

We are pleased that the Committee is scrutinising the important issue of priorities for investment in the railways and hope that the Committee’s report will provide some clarity into the processes used to dictate current priorities for investment. We have provided our response to the specific questions posed by the Committee below.

Q1. *In the medium to long term, what should be the main objectives for investment in the railways, in order to improve both freight and passenger services?*

We believe that objectives for investment in the railways should include:

— increasing the capacity of the orbital rail network around London—most freight services which utilise paths in the London area do not have either their origin or destination in London. A rail bypass (much like the M25 for roads) for both passenger and freight traffic would free up valuable capacity which could be used for local or inter-regional passenger services and would reduce road traffic emissions by encouraging use of rail freight where possible. It may be more cost effective to
increase the capacity of the existing orbital rail network around London which is made up of the West London Line, North London Line and extended East London Line rather than to build a new line from scratch.

— improving links between the various mainlines into London, for example from the Brighton mainline to the West Coast mainline, so that journeys do not need to be made into the central London termini (and the associated cross London journey between termini) but rather interchange can take place at interchange hubs on the outskirts of London. For example if a trip were to be made between Brighton and Birmingham, interchange could take place at East Croydon and Milton Keynes rather than London Victoria and London Euston. In fact until December 2008 it was possible to do this journey with only one interchange, and we hope that this will be possible again.

— reducing overcrowding on peak hour services. Some services, such as the Clapham Junction to Willesden Junction morning peak service are too full to board even several minutes before departure at the termini.

— improving links between existing airports and major cities so that journey times are reduced. For example, links between all five London airports and Birmingham, Liverpool, Manchester and Newcastle. This would enable modal shift from air to rail for current domestic flights. A rail freight link between London and East Midlands Airport would also enable modal shift of air freight from onward transport by road to rail. A good rail link between Heathrow and Gatwick would enhance accessibility and help reduce private vehicle trips to both of these airports.

— acting as an enabler of other priorities, for example, reducing emissions, encouraging local regeneration and stimulating the national economy.

Q2. How should these objectives be determined?

See response to Q4.

Q3. What is the impact of rail enhancements on the economy?

Better, cheaper, railways with journey times of less than an hour and a half from central London will help regenerate northern towns and cities and would help ease the burden on housing in the South East by increasing accessibility to the capital from the north.

More use of rail freight would help companies compete more effectively in the global economy by providing more options for the transfer of goods. Poor quality rail infrastructure is currently limiting economic growth.

Q4. How should long-term development of major new infrastructure, such as high speed lines, be balanced against short and medium term investment to improve capacity and passenger experiences?

We believe that transport is an enabler of other priorities, for example, reducing emissions, encouraging local regeneration and stimulating the national economy. Cost benefit appraisal of individual projects and schemes should therefore quantify the benefits of contributing towards wider goals which, in turn, will inform the decision on the appropriate balance between long-term development of major new infrastructure and short to medium term investment to improve capacity and passenger experience. Building new infrastructure should not preclude short term gains which can be made by improving existing lines and services such as the well used West London Line in our borough.

Q5. Is enough consideration given to the integration of rail with other transport modes, and with demographic developments, such as new housing developments, when rail investment decisions are made?

Government should ensure that national planning policies, such as the promotion of eco-towns or areas of regeneration, are accompanied by adequate rail links to ensure that these communities remain viable.

Q6. Is enough consideration being given to the views of passengers in making investment decisions on the railways?

It is difficult for us, as a local authority, to penetrate the rail industry’s decision making processes. We suspect that not enough consideration is given to the problems passengers face (or the aspirations passengers have) when investment decisions on the railways are made.

In consultations carried out by Government and industry bodies, we find that non-industry responses, such as those from local authorities or passenger groups, carry less weight than those made by train operators or Network Rail. For example, in our response to the Department for Transport’s (DfT) Delivering a Sustainable Transport System consultation earlier this year, we wrote that we were keen to see the early completion of the orbital rail service to relieve pressure on the London rail termini and tube network and that the rail corridors “London to Luton” and “London to Heathrow” (or the Heathrow Rail Hub) should be included in the list of corridors. We queried why the document did not acknowledge the existence of the London Orbital passenger rail corridor, when the orbital corridor will free up capacity on
trips into central London by removing the necessity to make trips in and out of central London when travelling from one point on the perimeter to another. As well as releasing capacity on National Rail services, the orbital corridor could release capacity on Underground and bus services used to make journeys across the capital. This concept is already being progressed in France where a set of rail measures designed to address the high volumes of travel to places other than the centre of Paris are being developed. None of our points were acknowledged, or addressed, in the DfT's summary of responses to the consultation.

Q7. What should be the key priorities for the next High Level Output Statement?

See response to Q1.

Q8. Is the current investment programme sufficient for the needs of the UK economy and for passengers themselves?

- 

Q9. In light of the current economic crisis is it still important that projects designed to increase capacity continue on the present timescale?

It is important that projects to increase capacity continue on the present timescale as the time it takes the rail industry to make improvements is, in general, on a longer timescale than economic cycles. By the time these improvements come to fruition, the current recession should have finished.

September 2009

Memorandum from DB Schenker Rail (UK) Ltd (PIR 08)

1. INTRODUCTION

This is the evidence of DB Schenker Rail (UK) Ltd (DBS), previously English Welsh & Scottish Railway (EWS) to the Transport Select Committee’s call for evidence for its inquiry into priorities for investment in the railways.

DBS is the largest UK rail freight operator. DBS moves around 100 million tonnes of freight a year and employ 4,000 staff in Great Britain. Besides transporting coal for electricity generation and petroleum we move steel, stone, deep-sea containers and operate international freight services through the Channel Tunnel in connection with its open access freight business in France and Spain. DB Schenker Rail (UK) Ltd is wholly owned by Deutsche Bahn AG, the second largest logistics provider in the world.

Rail freight produces between three and four times less CO2 per tonne moved than road haulage and up to ten times less polluting emissions. Whilst rail must continue to reduce its own carbon footprint its primary contribution to Climate Change is to attract traffic from more polluting modes.

Rail freight in Britain has grown by over 60% in the last 14 years and has increased its surface market share from 8% to 11.5%. The industry expects to increase this market share to 20% and to double the volume of freight moving by rail over the next thirty years. This will make a significant contribution to Climate Change targets.

Although rail freight volumes have reduced during the recession the industry continues to invest in the firm expectation that absolute growth as well as increased market share are achievable. Rail freight, like other parts of the railway industry, is a capital intensive business and planning for the long-term is essential. Continuing investment in infrastructure is essential if the nation is to build on the undoubted success of the rail freight industry.

2. BACKGROUND TO RAIL FREIGHT INVESTMENT

At privatisation a clear distinction was made in the rail freight sector between operators and infrastructure providers with regard to responsibility for investment in the railways.

2(i) Operators and other parties

It was anticipated that freight operators would invest in rolling stock (locomotives and wagons), depots, yards and systems. Customers and third-party investors would invest in terminals, sometimes associated with a particular traffic and sometimes for general use. Within this category it was expected that port operators would invest in rail facilities at ports. Some customers also invested in rolling stock.

DBS (and its predecessors) have invested in 250 heavy haul locomotives, 30 high-speed locomotives, over 3,000 wagons and a wide-range of improvements to its depot, yard and terminal facilities. DBS continues to invest in the equipment necessary to sustain and expand services.

Whilst responsibility for investment in rail freight operations was dispersed amongst a number of parties it is estimated that over £1.5 billion has been invested by operators, customers and third-parties in the rail freight sector in the last fourteen years.
After privatisation Railtrack, and subsequently Network Rail, was expected to maintain and renew the network in an efficient manner and to also provide enhancements to meet increased demands on the network. Historically there has been very little freight-specific investment in the network although freight has benefitted from the upgrades of key routes. The additional tracks provided on the Trent Valley section of the West Coast Main Line have created additional capacity for freight trains. It is this investment in the network that is critical for rail freight growth.

The rail freight industry forecasts, endorsed by the Department for Transport and Network Rail, suggest a doubling of rail freight activity by 2030. The rail industry’s recently published “Planning Ahead” document anticipates an increase in rail freight’s market share from 11.5% to 20%.

This is not the only growth that will take place on the rail network and as Britain’s railway gets busier and busier the realisation of rail freight’s potential for growth is dependent on the creation of a rail freight network that provides the necessary capacity and capability. Making sure that Britain has a rail network that will accommodate a doubling of rail freight’s market share requires a vision that matches the vision for High-Speed Rail. And just like High-Speed Rail there is political consensus that the growth of rail freight must be encouraged to ensure that the country’s carbon commitments are achieved.

At the heart of the priorities for railway investment for rail freight is the development of a Strategic Freight Network. The rail freight industry, working with a wide range of stakeholders, has developed a vision for such a Strategic Freight Network. This vision has been published by the Department for Transport and can be found on the DfT website at http://www.dft.gov.uk/pgr/rail/strategyfinance/strategy/freightnetwork/ This vision is supported by all political parties.

The practical effect of this network would be to:

- Upgrade freight routes and optimise the pattern of freight trunk routeing to remove pinch points and minimise passenger/freight conflicts.
- Implement ways of operating the railway network that keep freight trains moving.
- Enhance freight routes to create more space for freight and enable the operation of longer, higher and wider trains including the ability to operate mainland European freight wagons on selected UK routes.

In the five years to 2014 the industry has produced detailed plans and has started work on specific schemes that will lay the foundation for the Strategic Freight Network. All these schemes have economic and environmental benefits and their delivery is critical to rail freight growth. Further schemes under the umbrella of the Transport Innovation Fund will also provide capacity and capability for rail freight including enhanced connectivity to the port of Liverpool.

Total expenditure on the Strategic Freight Network projects up to 2014 is £200 million equal to less than 1% of the nation’s investment in railways over that period. Projects include:

- More space for freight on the route from East Anglian ports to the West Midlands.
- Enabling larger containers to be moved from Southampton to the West Midlands.
- Allowing freight through the Channel Route to use additional rail routes in South East England.
- Permitting larger containers to use rail routes from the Midlands to Yorkshire.
- Undertaking infrastructure enhancements so that longer freight trains can operate from the North West and East Midlands to London.
— Infrastructure work to allow mainland European wagons to access terminals in East London.
— Development work on identifying an arterial route for rail freight to the north, incorporating work to allow mainland European wagons to reach the Midlands.

At a time when public finances are under scrutiny it is essential that the investment in the strategic freight network is protected.

4(iii) Strategic Freight Network: The Longer Term Vision

The long lead times for infrastructure investment mean that planning for the period after 2014 has to be undertaken now. It is here that the longer-term vision for the Strategic Freight Network is so important.

This vision encompasses a number of ideas to further rail freight expansion—some relate to investment, some to the way in which the railway operates and others to administrative and legislative processes.

The 10 principles in the Strategic Freight Network Longer-Term vision are:

1. Longer and heavier freight trains: operate half-mile long trains as standard and ensure rail freight terminals can accommodate longer trains. Allow heavier trains (with the resulting increased capacity) on selected routes.
2. Efficient operating characteristics: non-stop running of freight trains rather than the constant, inefficient stop-start that happens at present.
3. Ensure that the rail network is available 24 hours a day, seven days a week.
4. Gauge enhancement: for deep-sea containers but also for refrigerated containers.
5. Create a European freight link by building on the use of High Speed 1 by mainland European vehicles by enhancing the network to enable these high-capacity freight vehicles to reach the Midlands, potentially via the electrified Midland Main Line. This would bring additional capacity and associated employment opportunities to the route.
6. New Freight capacity on key arterial routes or those that avoid major conurbations.
7. Electrification of freight routes: especially small infill schemes linking existing electrified routes and lines with heavy long-distance freight usage.
8. Strategic Rail Freight Interchanges and Terminals: encourage the development of additional interchanges and terminals supported by planning processes that recognise the national interest.
9. Protect freight capacity by introducing a scheme that retains existing, released and newly created paths for long-term freight use.
10. Undertake Freight routeing studies to identify and then create the optimal rail freight routes between London/South East and the Midlands & North of England.

5. Specific Investments for Rail Freight

Each of the principles in the Strategic Freight Network vision is important but the following deserve particular attention.

5(i) European freight link

Britain’s railways may have the same track gauge as much of Europe but the permitted loading gauge (essentially the height and width of vehicles) is smaller; a legacy of being the inventor of railways.

Whilst Britain’s transport needs were focused on domestic requirements this was not an issue but as the country increased its reliance on international trade connectivity with mainland Europe increased in importance.

Before the opening of the Channel Tunnel small volumes of rail freight moved to and from the Continent by train ferry. The opening of the tunnel provided the opportunity for throughout freight services. Problems with asylum seekers, tunnel fires and continental service quality have all suppressed demand but the need to use specialist UK gauge wagons has been a particular barrier to growth.

The opening of HS1 allows the movement of mainland Europe loading gauge freight vehicles as far as East London—services are expected to start during 2010. But the demand for rail freight extends beyond the London area especially to the distribution centres in the Midlands.

Investment in a European Freight Link (with mainland European loading gauge) linked to HS1 will provide connections to Western and Eastern Europe for UK manufacturing and to meet the demand for imported consumer goods. Potential routes are being studied at present—one option is the Midland Main Line where work to increase the loading gauge could be tied in with electrification and benefit both freight and passenger services.
5(ii) **Strategic Rail Freight interchanges**

A growth in rail freight requires new, and fit-for-purpose, terminals, particularly for the expanding international market of containerised goods from mainland Europe and the Far East. Location must reflect the distribution patterns necessary to service the main centres of population and the method by which those centres are supplied. It needs to be close to the distribution centres of major retailers and needs reliable rail access with sufficient rail paths for the likely volume of traffic.

A terminal has to be able to handle a large number of trains. There will be a tangible advantage in colocating a number of large warehouses adjacent the facility.

Planning issues will be significant. It is imperative that new rail freight terminals should be considered in the national context and its benefits judged accordingly rather than just a local perspective.

DB Schenker believes that there is a need to promote new freight terminals close to the M25, in the midlands and in the north-west as an essential pre-requisite for significant modal shift.

5(iii) **Electrification**

DB Schenker Rail (UK) welcomes the recent announcement regarding electrification of the Great Western and Liverpool–Manchester routes. We believe, however, that there remains a strong case for electrifying the Midland Main Line to the benefit of passengers and freight customers and with the related benefit of gauge enhancement.

Rail freight tends to operate across the radial routes from London rather than following the line of route and therefore we also support the further implementation of infill electrification in the London area, the West Midlands and North West so that the electric haulage of freight services can be increased. We have advocated the electrification of the route from Barking to Gospel Oak to serve traffic from HS1 as well as Tilbury and London Gateway but there appears to be little immediate prospect of this project going ahead.

6. **Sustainable Distribution Fund**

Rail freight operates without subsidy. There is, however, limited funding available to encourage modal shift where specific environmental benefits can be identified. Most of this fund is used to make revenue payments to deep sea container traffic. A smaller element is used to encourage capital investment, known as the Freight Facilities Grant.

This scheme pays up to 50% of the capital cost of schemes of projects that will allow the transfer of freight from road to rail (or water). There is no certainty that funding will be available beyond 2011 despite its close relationship with the Government’s low-carbon objectives.

7. **Protecting Rail Freight**

DB Schenker Rail (UK) Ltd supports investment in the railways. The enhancement of the West Coast Main Line, for example, benefits all users of the network and contrasts with the East Coast Main Line where capacity constraints threaten capacity for existing freight services let alone freight growth.

Of equal concern are railway investments undertaken for a single market. One example is Crossrail where the rail freight industry has repeatedly expressed concerns about capacity. The project needs to ensure that capacity for existing and future passenger and freight services is protected alongside the capacity required for Crossrail. Whilst there are various Regulatory protections in place the rail freight industry is concerned that it will face reduced capacity if the project is reduced in scope.

8. **Summary**

Rail freight contributes to the UK economy and its competitiveness as well as providing a sustainable means of moving freight. Rail freight operators, customers and third-parties will continue to invest in an industry that has been one of the transport success stories of the recent years. It is essential that infrastructure investment continues and the vision for the Strategic Freight Network provides the basis for that investment.

*September 2009*

---

**Memorandum from Rail Freight Group (PIR 09)**

1. Rail Freight Group (RFG) is pleased to submit evidence to the Transport Committee’s Inquiry into priorities for investment in the railways.

2. RFG is the representative body for rail freight in the UK. RFG has around 150 members operating across all sectors in rail freight including customers, shippers, operators, ports, terminal operators and equipment suppliers. RFG aims to grow the volume of goods moved by rail where it is economically and environmentally beneficial to do so.
RFG is concerned to ensure that appropriate investment in rail freight can continue despite the prospect of government spending cuts. Rail freight is forecast to grow significantly over the next decade but can only do so if network capacity is available. With rail freight creating a 70% reduction in carbon emissions compared to road freight, investment in rail capacity is key to meeting the UK's legally binding carbon reduction targets, particularly as road freight causes around 7% of total UK emissions and 30% of UK transport emissions.

**Current Rail Freight Investment**

4. In the last few years, rail freight has begun to benefit from Government investment in specific schemes on the network. This is helping to address long outstanding deficiencies, particularly relating to the loading gauge of key routes from deep sea ports, and capacity issues on strategic routes. Some schemes have received funding from the Transport Innovation Fund, and more recently Government has committed £200 million towards the creation of a Strategic Freight Network (SFN). (Whilst this commitment to funding is welcome, and essential, it is worth noting that it represents less than 1% of the nation's investment in railways over the next five year period.)

5. The SFN is defined as “a core network of trunk freight routes capable of accommodating more and longer freight trains with a selective ability to handle wagons with higher axle loads and greater loading gauge, integrated with and complementing the UK's existing mixed traffic network”. DfT has recently published its Strategic Freight Network Vision which sets out how the SFN should develop in future years.

6. The Sustainable Distribution Fund continues to provide revenue support to some freight services, with a budget around £18 million per year. New rates apply from next April and there are significant reductions in support on flows where greater efficiencies have been achieved over time. The Freight Facilities Grant budget continues to be available.

**Question 1:** In the medium to long term, what should be the main objectives for investment in the railways, in order to improve both freight and passenger services?

7. In order to grow, freight and passenger services must be able to access network capacity with the right capability for their needs. Investment priorities must therefore be on creating that capacity. In some cases, this requires major investment to create (for example) flyovers, additional tracks etc. In some cases however, modest investment on the back of renewals works can deliver increased capacity, and continued pressure to ensure services can operate reliably at weekends and overnight will provide additional rail paths at little or cost (for example through better co-ordination of work, use of single line working etc).

8. The current investment programme is tackling the backlog of work to create a network of gauge cleared routes. This is an important step. There will however still be many routes with suboptimal gauge which may need addressing particularly if regional ports increase their market share of the container market.

9. Investment will also be needed to create modern efficient terminals. This is generally expected to be provided by the private sector, but they will need assurance that rail capacity will exist to serve their facility. Grant support is likely to be required in some cases. We expect that modest revenue support will continue to be required in the medium term.

10. Investment in the railways should also ensure that the rail sector can continue to offer a low carbon alternative to road, and to reduce its own carbon emissions yet further. This means, for example, schemes which help freight trains keep moving such as dynamic loops need to be considered as well as longer term prospects for electrification.

**Question 2:** How should these objectives be determined?

11. For rail freight considerable analysis has been undertaken to derive growth forecasts and consider the impact on the rail network. This has been derived through the RUS programme and the SFN analysis. Such a process has enabled freight growth to be considered alongside passenger growth and had identified corridors where intervention is likely to be necessary.

12. Prioritisation of needs must consider not just the relative benefits of freight and passenger rail, but also the impact on the road network and UK economy. Rail schemes that relieve the most congested roads and improve the reliability of key logistics flows may not always be the same as those relating to passenger demand growth.

**Question 3:** What is the impact of rail enhancements on the economy?

13. The Eddington Transport Study set out in some detail the importance to the economy of efficient transport links, particularly from international gateways and between major conurbations. A greater use of rail freight helps to improve efficiency by reducing road congestion, improving road safety and improving journey reliability.

14. As described previously, rail freight can make an important contribution to reducing carbon emissions from freight distribution. On average switching to rail from road will lead to a 70% reduction in carbon emissions.
Question 4: How should long term development of major new infrastructure be balanced against short and medium term investment to improve capacity and passenger experience?

15. As described above, provision of appropriate capacity is key to rail freight growth. We are generally agnostic as to whether this is best provided through continued incremental development, or through major new schemes. However the needs of freight must be considered holistically in the consideration of such schemes.

16. Although we have yet to see the results of the Government study into HS2, we are not yet convinced that freight will benefit as much as suggested from “freed up capacity” on existing routes. Exogenous growth in passenger demand, replication of stops on services otherwise transferred and the mix of destinations is likely to leave few spare paths in reality. This could mean that freight fails to benefit to any significant degree from the new infrastructure and, as such, investment for freight in the conventional network will continue to be required.

17. We would therefore like to see the funding of high speed lines considered entirely separately from transport investment elsewhere.

18. We have no comment on the passenger experience. The experience of freight customers could generally be improved through measures such as improved network availability at weekends, which is not reliant the creation of new lines.

Question 5: Is enough consideration given to the integration of rail with other transport modes when rail investment decisions are made?

19. In recent years there has been considerable improvement in the understanding by Government of the links between rail freight and ports. We await with interest the National Policy Statements, for port and national networks, to understand how they consider investment will be joined up. The SFN has prioritised work on routes from the major ports.

20. Since the publication of Delivering a Sustainable Transport System (DaSTS), DfT have started a large programme of work considering freight and logistics in more detail. A series of studies are starting, including several road studies and a freight modal choice study. It is too early to determine how closely these will be integrated. Generally, there has been a historic tendency to consider rail freight alongside rail passenger and not as part of logistics.

Question 6: Is enough consideration given to the views of passengers in making investment decisions on the railways?

21. We have no comment on passenger views.

22. Generally, freight and logistics companies are not involved in railway investment decisions. A small number of companies, principally ports, have committed to rail investments as part of their planning consents for port developments, and are therefore engaged with Network Rail and the industry in relation to those schemes. However this does not extend more widely than this.

23. Terminal developers are constantly frustrated at their inability to engage on such debates, when they are seeking to invest significant resources into strategic rail freight interchanges without any guarantee that rail capacity will be made available to the site particularly for future build up of services. This is likely to become a barrier to investment.

Question 7: What should be the key priorities for the next High Level Output Statement?

24. The ongoing development of the SFN should be the key priority for the next HLOS.

Question 8: Is the current investment programme sufficient for the needs of the UK economy and for passengers themselves?

25. The current investment programme is addressing some long outstanding deficiencies for rail freight and starting to address areas for improvement. However, as described in the DfT’s vision for the SFN, there is much work that will need to continue in future control periods.

26. For example, the current funding includes a small amount for capacity enhancements on the Felixstowe to Nuneaton corridor. This work is the first step in developing the capacity of this important route. Further development in CP5 will be required to complete the project. This is also true of the upgrade of the joint line to provide additional capacity on the East Coast Main Line.

27. It is also unclear the extent to which certain investment programmes will deliver for freight customer needs. For example, the investment into “24/7” railway is yet at such an early stage there is no certainty that it will improve network availability sufficiently well to meet the needs of freight customers and potential customers.
28. RFG forecasts of rail freight growth show that, for example, by 2030, the demand for freight paths on the West Coast Main Line could exceed supply by up to 200 trains per day. The other major routes face similar constraints. It is therefore clear that an ongoing programme of capacity enhancement is likely to be needed.

Question 9: In light of the current economic crisis is it still important that projects designed to increase capacity continue on the present timescale?

29. In the 12 month period to April 2009, rail freight volumes fell by around 2.5%. Like many sectors, this was as a direct impact of the recession. Key sectors, such as metals and automobiles were particularly badly affected.

30. However over the same period, intermodal traffic actually grew by 0.5%. Given that port trade generally declined significantly in the first part of this year, this is a remarkable result and shows the ongoing strength of the rail market in this sector. Similarly international traffic grew by 13% and coal traffic by 2.3%.

31. These results show that, whilst the recession has had an impact, the key sectors where growth is forecast continue to demonstrate a strong performance. As we move out of recession, growth is expected to accelerate in these sectors, and the schemes highlighted by the SFN remain as valid as ever. Deferral of schemes into a period where there is likely to be little investment is unlikely to fit with the demand for new services.

September 2009

Memorandum from Invensys Rail (PIR 10)

INTRODUCTION

1.0 Invensys Rail (IR) is the largest supplier of signalling and in-cab control systems to Network Rail and London Underground, with offices in London and a manufacturing facility in Chippenham. IR is also a leading international supplier and a world leader in railway signalling and control technologies in America, Spain, India, China and Australia. We have, for example, designed, made, installed and commissioned the train control, signalling and communications technology for seven of the last eight Spanish High Speed Lines and three of the 12 Beijing Metro lines including, most recently, Beijing Line 5, commissioned in time for the Olympics last year.

2.0 We employ 1,740 people in the UK and 3,400 worldwide with annual sales in the order of £660 million.

3.0 In this submission we respond to the questions posed by the Select Committee which we are most qualified to answer.

4.0 The key points of this submission are:

— signalling technologies lie at the heart of improving the performance of the railways, increasing capacity and reducing costs (signalling costs fell by 30% in Control Period 3);

— signalling and in-cab train control systems will increasingly introduce wider operational benefits onto the railway and no longer simply provide a safety critical function;

— a long term strategic Control Period of a minimum of 15 years, but ideally 25 years, needs to be overlaid on top of the current operational five-year Control Periods in order to give the supply chain confidence in the long term strategy for the railways;

— research undertaken for IR shows that investment in the railways provides a high return for the Government in terms of jobs created (directly and indirectly) relative to other industries, and in securing matching investment by the private sector; and

— research also shows that on a pound for pound basis the greatest increase in transport capacity (including highways), for the least price, is secured from train lengthening and signalling.

MAIN OBJECTIVES FOR INVESTMENT

5.0 Clearly, while safety must be an issue that underpins every aspect of the investment strategy for the railway, the two key objectives must be to improve performance and increase capacity. Technology lies at the heart of this, and the advances being made today with emerging modular signalling systems and the development of ETCS/ERTMS are central to delivering on these objectives.

6.0 These emerging technologies will provide more capacity, by enabling trains to safely operate at reduced headways, and for less cost. In the last Control Period we reduced the cost of our signalling systems by some 30% and further cost reductions are possible. The operational cost of the railway can also be reduced given the wider operational benefits of ETCS/ERTMS such as improved asset management, real time scheduling and routing, and improved passenger information. In the future, the industry must look at signalling beyond its traditional safety remit. Safety is fundamental, of course, but signalling technology will increasingly be judged by its ability to deliver value beyond safety and train reliability.
7.0 An example may help to underline this. In-cab control systems will be able to optimise the performance of the train by managing its speed more efficiently relative to the distance from the next train, thus reducing the need for excessive deceleration and acceleration and substantially reducing the need to bring the train to a halt or near halt. This will optimise fuel consumption and significantly reduce fuel burn—to the benefit of the environment and the commercial advantage of the TOCs. This will also reduce wear and tear on the track.

8.0 A key objective of the investment strategy for the railways must be to ensure that there is a consistent and clearly defined set of requirements driving a set of programmes resulting in a defined, desired end state. This would provide suppliers with confidence to invest in research and development to unlock technological advances such as those now emerging with signalling and in-cab control equipment. Failure to do so will damage supplier confidence in the UK market and restrict the industry’s ability to improve performance, increase capacity and reduce costs. Furthermore, it will provide the UK with a sub-optimal railway, to the disadvantage of the wider economy, let alone the travelling public and rail freight operators. The peaks and troughs in the flow of orders that has so bedevilled the industry in the past must be avoided in the future.

How Should these Objectives be Determined?

9.0 We believe that the procedures and systems in place to determine the investment priorities of the railways are, for the short term planning purposes, fit for purpose. The Periodic Review, High Level Output Specification and Statement of Funds Available all help to provide the industry with a clear set of objectives which should determine investment priorities.

10.0 However, the drawback is that these processes only look forward five years. We believe that this is too short a planning horizon, especially given the long lead times inherent in much of the industry’s investment planning. For suppliers like IR, a five year planning horizon does not provide sufficient certainty to enable us to invest with confidence in research and development—although we have increased our R & D programme by 100% in recent years.

11.0 We believe that this five year “operational” planning period should be overlaid with a longer “strategic” planning period covering at least 15 years, but ideally 25 years. We believe that the ORR should put in place a Strategic Control Period and set outputs to measure progress regularly over the 25-year period. The growing recognition in the industry that there needs to be a more strategic vision for the railways is therefore welcome, as reflected in the recent publication by Network Rail, ATOC and the Rail Freight Operators Association of the “Planning Ahead: Britain’s Railway From 2014” document. We look forward to a dialogue with Network Rail, ATOC and other stakeholders to develop this longer term, strategic approach to planning railway investment.

12.0 Network Rail is to be congratulated for the significant progress made in improving the economics and efficiency of its operations compared to the past, and for regaining control of the upgrade programme and reducing the cost of upgrades, operations and maintenance. While there have been some high profile difficulties with individual projects, the overall picture is a positive one. This has been achieved, in part, by putting in place a strong transactional contractual relationship with its suppliers.

13.0 However, we believe the time is now right, given the considerable progress made, for Network Rail to move beyond this transactional relationship to a more strategic relationship based on partnership that can facilitate investment in new technologies and provide key suppliers with sufficient and sustainable business for the longer term. This is critical to our ability to invest in new technologies and to recruit and train skilled engineers. We welcome the positive recognition by Network Rail of the advantages of this and will be working with them to take this forward. In addition, we need to find the right balance between maintaining a competitive market and ensuring there is a sustainable long term market for key suppliers.

Key Priorities for the Next HLOS

14.0 Given the above we believe that it is essential that the next HLOS explicitly recognises the impact that new technology has in improving the performance, capacity and cost of the railway and that it places a clear obligation on the industry to take forward a research and development programme. We would be happy to work with the DfT, Network Rail, the ORR and other relevant parties to develop a set of objectives that might be appropriate in this area for the HLOS.

Current Investment Priorities and the Impact of the Recession

15.0 Recent research undertaken on behalf of IR demonstrates the real value of investment in the railways. A few facts demonstrate the point:

— the railways employ 270,000 people;
— every 10 direct jobs in the railways generate 14 indirect jobs in the wider economy; this compares very favourably with other industries—for every 10 direct jobs created in the automotive industry, for example, only five indirect jobs are created;
— for every pound invested in the railways by the government the private sector invests £1.30; and
— thus, for example, £1 billion invested by government generates £1.3 billion from the private
sector—a total of £2.3 billion, creating 52,000 jobs.

16.0 We believe that these figures demonstrate the real value of investment in the railways, especially at	a time of economic difficulty, and that when public expenditure is under serious pressure, investment in the railways should be a high priority relative to other spending options.

17.0 Moreover, our research also shows that on a pound for pound basis investment in train lengthening	and railway signalling provides the greatest increase in capacity per passenger kilometre compared to other forms of investment in transport infrastructure. This is demonstrated in the following table:

<table>
<thead>
<tr>
<th></th>
<th>Commuter</th>
<th></th>
<th>Long Distance/Motorway</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Capacity</td>
<td>Cost per £1m (people/ hour)</td>
<td>Capacity</td>
</tr>
<tr>
<td></td>
<td>(people/ km)</td>
<td>(£m/km)</td>
<td>(people/ km)</td>
</tr>
<tr>
<td>ROAD</td>
<td>New Build</td>
<td>2,370</td>
<td>3.2</td>
</tr>
<tr>
<td></td>
<td>Widening</td>
<td>2,370</td>
<td>5.5</td>
</tr>
<tr>
<td>RAIL (including Roll)</td>
<td>Railroad new build</td>
<td>12,701</td>
<td>12.0</td>
</tr>
<tr>
<td></td>
<td>Railroad widening</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Train lengthening</td>
<td>3,175</td>
<td>0.9</td>
</tr>
<tr>
<td></td>
<td>Signalling (traditional)</td>
<td>2,822</td>
<td>0.8</td>
</tr>
<tr>
<td></td>
<td>Signalling (ERTM)</td>
<td>1,270</td>
<td>0.7</td>
</tr>
</tbody>
</table>

[Source: Invensys Rail Transport Capacity Research Paper—A comparison of the cost of different methods of increasing capacity in road and rail environments, Credo, November 2007]

18.0 Clearly, there must be a balanced investment strategy across the various transport modes. But the research shows that on a pound for pound basis investment in the railways and, within the railways, investment in signalling and train control systems, offers the government the best return on its investment. At a time when public expenditure is under severe pressure and the economy has experienced one of the worst recessions in memory, we believe that this fully justifies increasing rail signalling investment over other non-safety critical investment options. Investment in signalling and train control systems should also be a priority in order to optimise the benefits of other rail investments, for example in new rolling stock—there is little point in investing in new stock unless the signalling system is first upgraded to maximise the performance of that stock.

CONCLUSION

19.0 Demand for rail travel is growing fast, and this trend can be expected to continue. Rail capacity is running out on many parts of the network and there is pressure for costs to come down, particularly in the current fiscal environment. Passengers and freight customers will demand increasing levels of reliability and comfort. Technology and innovation are central to addressing these difficult challenges.

20.0 It is becoming increasingly clear that advances in signalling, communication and control systems can have a very major role to play in addressing these issues. Signalling technology will increasingly not simply be a safety driven function, but the additional functions that in-cab signalling will provide will transform the type of railway that we have today. Innovation will drive down cost and drive up standards. Control systems will be multi-functional, not simply controlling the train from a safety point of view, but from a performance and operational point of view too.

21.0 Enormous opportunities to boost capacity exist in new signalling technology. But to really harness the full potential that these emerging technologies can offer will require a less rigid and transactional approach to investment planning. In particular, a long-term planning strategy needs to be developed that enables all players in the industry to take investment decisions that reflect not just the short-term horizons of the government’s funding cycles and the Rail Regulator’s Periodic Reviews, but the longer-term term investment cycles necessary to bring new products to market and to unlock on-going innovation.

September 2009
Memorandum from Mr B George (PIR 11)

I am a private individual and rail user submitting evidence to this enquiry.

Taking two of the original questions asked in your Select Committee Press Notice of 27 July 2009.

(1) Please note first of all that:

1a: This submission is based upon the writers concern for the extension and in depth development of the rail network. The need for an end to the piecemeal regional situation of individual levels of local government submitting ideas in an ad hoc manner to the Department for Transport. The need for a National Roll Out Programme—engineering based—by the Department for Transport showing a range of rail routes—cross country and local—that need to be re-opened.

1b: The need to reconnect whole communities that have been denuded of rail transport for 50 years. Areas that are built up, suffer road congestion both from cars and lorries. Denying people from all over the country from travelling to those locations.

1c: Also the low cost development of a former main line in the Midlands that will give considerable relief to the politically acknowledged heavy congestion of the West Coast Mainline route.

1d: This submission is “all my own work” with the exception of any limited photocopy of maps submitted as a “foundation” to the submission.

(2) Q: In the medium to long term, what should be the main objectives for investment in the railways, in order to improve both freight and passenger services?

2a: Answer:

The Midlands

2b: In depth development of cross country routes in order to relieve road traffic congestion, improve freight flows and benefit local rural and semi urban economies. Improving employment and business opportunities and training for the rural unemployed. Reducing the unemployment count and thereby the drain upon the Welfare Budget and other Government resources.

2c: A good example of this would be the rebuilding of the approximate eight miles of line between Matlock and Buxton via the large country town of Bakewell. A large and thriving town stuck in the middle of nowhere in the Peak District but which could easily benefit from a fast and regular train service.

2d: This is not a cold subject. Network Rail have already conducted a technical feasibility study and found that they could indeed implement such relaying of track etc on this route and reconnect Bakewell in addition to other “mainstream” advantages to the rail system.

2e: The line from Derby to Manchester via Matlock to Buxton was once part of a very important and busy through route from south and north of England.

2f: This was a double track route and gave, in addition to the passenger advantage of an extremely direct and scenic journey through the Peak District serving major centres of population would also currently have the tremendous advantage of relieving the West Coast and East Coast mainlines of traffic. Such lines, as the Transport Committee and the Department for Transport will be aware—are heavily congested. Especially the West Coast line.

2g: Improving pathing by taking freight traffic off both the North South routes East and West of the country, and putting the large town of Bakewell back on the map. A town that apart from being a home to thousands of people hosts equine and agricultural and other events during the year and has an influx of several thousand visitors each time.

2h: How much easier if the Bakewell station could be reopened and passengers take advantage of the extremely direct route through Bakewell to such towns as Matlock, and Derby and Nottingham in one direction, and Buxton, Whaley Bridge, Stockport and Manchester in the other. And of course many trains direct up from London via the existing Midland Main line.

2i: The line is extant as are the tunnels on the route. All inspected by Network Rail (through the Strategic Rail Authority) in order to enable them to do their report.

2j: The north and south ends of the original line are still fully in use for passenger and freight, ie the southern end from Derby to Matlock, and the northern end from Buxton to Manchester.

2k: Moreover additional trackwork has recently been completed at the Matlock end to enable the existing preserved Peak Railway (that runs on part of the former route a couple of miles between Matlock Riverside and Rowsley), to be considered for access to Matlock station. Moves are, the writer gathers, already afoot to bring back into action a second platform at Matlock station.

2l: All it needs is Government to authorise the relaying of trackwork for the 8 mile interconnecting route. A copy of a map is enclosed an Annex 1 showing the main part of that 8 mile route and the line when it was operating.1

1 Annex 1, OS map of Bakewell [not printed—already in public domain].
(3) **Cost/Benefit**

3a: The relatively low cost of relaying the track on existing earthworks and through tunnels in good order and reopening Bakewell station which is itself fully standing complete with platforms. There is absolutely no need for a new station to be built.

3b: This situation has to be good value for money given the massive benefits of acting as a relief line for the West Coast Mainline trains, if electrified as a feeder line, or providing strong feeder potential if used by diesel trains. Diverting freight off the west coast main line onto another direct north south route which this would be.

3c: Quite apart from the benefits to the large numbers of people who live in that part of Derbyshire giving them a rail head that they can use within a fifty mile radius of Bakewell. Saving the many residents the problem of having to trek across country to either Buxton or down to Matlock in the frequently inhospitable weather that can occur in the winter months. And uncertain bus services.

4: blank.

South West

5: The other area that I am concerned about is the need to reconnect communities in the South West.

5a: Dr Beeching in the 1960s closed down a large part of the West Country to rail borne traffic, but since then the demography and economic and housing growth in the area has meant that communities which ought to be on the railway map(s) are nevertheless wholly reliant upon uncertain bus services.

5b: In 2005 the Transport Select Committee published its fifth report on Transport and one of the contributions to this—para 21 “Local Transport Network” was the following from Devon County Council:

5c: “The importance of rural railways to the communities which they serve should not be underestimated. The existence of a rail line (and a franchise to underpin services on that line) gives a certainty of continuity which cannot be matched by the bus industry. It is all too widely appreciated that bus services can be here one year and removed the next. Rural rail services provide the hubs around which other links such as connecting bus services, community transport, and taxis can be built”.

5d: In Devon at the moment whole communities are denuded of rail transport with at times less than satisfactory alternatives. This also applies to Cornwall.

5e: Campaign for Better Transport—who I understand are making there own submissions to this Committee—have identified a whole raft of lines across the country that need to be reopened. Particular towns and villages that I am concerned about however are as follows:

East Devon

6: Sidmouth, Budleigh Salterton, Ottery St Mary, Tipton St Johns, Littleham and the smaller villages adjacent to the former line are: Otterton and East Budleigh, Newton Poppleford and Colaton Raleigh. By adjacent I mean within short walking distances (with the single exclusion of East Budleigh village which is half a mile distant) of the actual former station itself. Map at Annex 2.²

6a: Several railway stations still exist including nearly the whole of Sidmouth station which is occupied by a small number of itinerant builders merchants. Existing also are a substantial number of bridges and nearly all of the track bed.

6b: Minor realignments would have to be made where building work has been erroneously allowed. A good example of this is the planning permission granted for twelve small houses to be built at the bottom of a very deep railway cutting on the approach to Sidmouth station.

6c: The houses can be viewed from the aptly named DARK LANE which is situate nearby (The sun does not shine on the houses until midday!).

6d: Apparently the Government Office for the South West gave permission for the houses to be built at the bottom of the railway cutting despite opposition from the local District Council at the time. This was about four years ago.

6e: The railway went under the A30 to the North of the Otter Valley on its way to Sidmouth Junction—now called Feniton. The tunnel taking the line underneath the road must still be there. It should not be beyond the wit of the Highways Agency to excavate it!

6f: In this regard I understand that an organisation “RAIL FUTURE” requested the Highways Agency to leave the tunnel extant and such request was also made to the District Council—but their pleas were ignored.

6g: To the south of the line where it connected with Exmouth there was a short viaduct which the local council demolished on or about 1985. The new line could simply be diverted the short distance to Topsham making a junction with the hugely successful Exmouth—Exeter commuter branch line which carries 500,000 passengers a year (source: Railway Press).

² Annex 2, OS map of East Devon [not printed—already in public domain].
6h: East Devon District Council have now said very belatedly in their Local Government plan for the area that they wish to protect all railway lands from building in case it could be brought back as part of a public transport network. Very much like “closing the gate after the horse has bolted”. But it can be done.

Other areas of Devon and Cornwall

6i: Bideford in North Devon is only some six miles from Barnstaple, the present railhead, and there is local pressure to try and get Bideford reconnected. I have heard that Network Rail have again conducted a feasibility study on this line and said they could reinstate it but that it is a “low priority” for them.

6j: In Tavistock the local councils in the area have put their weight behind Tavistock being reconnected. A local builder wants to fund this in return for building several hundred houses.

6k: In Cornwall both Wadebridge and Padstow are thriving towns yet are not on the railway map? They are both popular holiday destinations and the local community would benefit greatly from seeing them reconnected.

6l: Why on earth Wadebridge, a large country town with a year round work and community traffic, not to mention parcels and freight is not on the rail system is anybodies guess!!

Salisbury to Exeter Route

7: This route was singled in the 1960s. A premier line to the West Country but singled nevertheless when the Western Region of British Rail sought to get their revenge upon the Southern Region with whom they had great antipathy at the time.

7a: As I write this Network Rail are redoubling the track at Axminster and enhancing the station. But most of this line west of Salisbury—nearly all of it—is single track.

7b: Lord Adonis this year went on a much publicised railtour of a large number of lines in this country including the Salisbury to Exeter line.

7c: According to the reports in the Times newspaper after his raultour Lord Adonis made a comment that the Salisbury to Exeter line should be redoubled as a “matter of priority”. Yet the railway press, both featuring Modern Railways, UK Railways, and the Heritage type magazines have not as yet reported that this is going to happen.

7d: A recent appearance by Lord Adonis on the BBC Question Time programme revealed comments by the Transport Minister regarding High Speed Routes, but nothing about major cross country development that could take place on such as the above route. (I appreciate that Lord Adonis was being asked about High Speed Routes at the time, but it is conspicuous in my view that other routes were not mentioned).

7e: What progress is Lord Adonis making, if any, with Railtrack regarding his statement that redoubling the Salisbury to Exeter route is a quote “High Priority”?

7f: I do not think this country can afford to wait until the next “High Level Output statement” in the year dot for such comments to be solidified. “Action this Day” is what Churchill said. If only that were true with reconnecting communities by rail.

(8) Q: What is the impact of rail enhancements on the economy?

8a: Answer:
— A decrease in the road traffic congestion. Swifter physical communication.
— Helping the faster movement of freight and parcels in bulk across the country.
— Enable and empower rural and semi urban communities to use rail once again. Improving employment and training opportunities for the unemployed and employed looking to relocate.
— Enable and empower the public across the country to reach towns and other communities that have not been reachable before by proper public transport (given the fact that the public do not tend to like buses. Bus contracts being fragmentary). In Somerset we see the local councils having to review their bus contracts).
— Enable local business to grow as people relocate and travel on holiday more easily. For day trips.
— Cut down the feeling of isolation for those who do not have cars and face the problem of large taxi journeys or utility buses that may or may not be running.

(9) Q: What should be the key priorities for the next High Level Output Statement?

Answer:
— Institute a national roll out plan for the rebuilding railway routes.
— As above to increase capacity on semi urban and rural routes to re-connect now much larger and wider communities that exist in the 21st century. Compared to if they were in the days when beeching ordered the lines to be cut.
— Ensure that rail transport is affordable.
— Ensure more rigorous cost monitoring of franchises.
— Consider amalgamating all private franchises into four main ones. Covering: West, North, East and South of England. One large franchise for Wales. (Leaving Scotland to continue as it is).

(10) Conclusion
10a Lord Adonis and his Department need a NATIONAL ROLL OUT PLAN for expanding this countries rail network. This plan should show (with an Engineering related roll out plan running alongside):

10b: Which towns and rural communities are to be reconnected.
— The timescale. Funding (Bearing in mind that Network Rail were Apparently allocated £4 Billion pounds for transport improvements and in 2006 each of the Regional Agencies were give nearly £1 billion on a 10 year roll out—certainly the one in Exeter was. Most of these improvements so far have been for road and not rail at all). Also the projected handover date from the railway builders to Network Rail and the rail operators should be included.
— A notification—publicity and marketing of the lines—to be included as a package for each of the towns and villages reconnected.

10c: This will replace the present ad hoc, fragmented and piecemeal system of regional submissions to the Department for Transport. The Dft should drive this situation from the centre. Not be dependant upon local fragmentary input.
10d: It should not after all be up to all the different levels of local government, with their different agendas and apathy and sometimes jobsworth mentality, to decide how the countries hugely valuable asset of a rail network should develop.
10e: The Prime Minister should take personal responsibility for the lead out of this national roll out programme. This should start NOW. Not in 2013 or whenever the next High Output statement occurs.
10f: A coherent plan for the strategic development and betterment of one of this countries remaining national assets—the rail system—is important.

Before the motorway lobby re emerges to swamp this country in concrete.

September 2009

Further memorandum from Mr B George (PIR 11a)

Preamble
1. I received today a newspaper cutting from a local resident on the south coast and taken from the Bournemouth Echo. This happens to illustrate very well the argument, that I put forth in my earlier submission, regarding the fragmented sources of funding that railway expansion has to rely upon. And the delays that such a system causes.
2. In brief the Swanage Railway (which Lord Adonis has visited as Rail Minister) have wanted since 1972 to reconnect to the main line at Wareham. Which currently has reached a point near Corfe Castle some two to three miles south of Wareham.
3. The article illustrates very clearly the funding dilemma and the type of delays that occur in getting railway lines re-connected to the main system.

In Summary
4. Currently Network Rail have an operational need, evidently, to renew signalling on the south coast line between Poole and Wool in Dorset. Which also happens to run through Wareham station where the Swanage line would go into.
5. This modernizing and upgrade/maintenance of the rail system—which presumably would have to be done anyway for Health and Safety reasons—is now only going to take place if a local community based umbrella organisation called PURBECK RAIL PARTNERSHIP stumps up £2.5 million pounds towards Network Rail’s costs.
6. Network rail effectively saying that if they don’t get that contribution they won’t assist in reconnecting the private Swanage Railway to Wareham station.
This situation is clearly ridiculous!
7. Network Rail, would in any event have to carry out this signalling upgrade, irrespective of whether or not the Swanage Railway existed. It is morally wrong to expect other people to foot part of the bill.

CONCLUSION

8. The press article gives you the detail and I am sure there are a lot of ins and outs to the matter which would make this too long winded to go into here.

9. But it is illustrative of the fact that central government, which funds the rail system, seems to rely on local bodies spending an enormous amount of time and energy and money in dealing with comparatively small matters like this that should be dealt with quickly by Network Rail in order to get local communities reconnected to the main network.

10. Network Rail should simply have been told to get on with it with the Dft demanding a completion date for the work.

11. The Dft in my view should take a much stronger stance with the bodies such as Network Rail the STRA and the Office for Rail Regulation, that they fund.

12. Swanage Railway already have railway line laid to Wareham junction. All they are waiting for is for Network Rail to the signalling—which according to the article they don’t plan to do until 2012 and assuming that the Purbeck Rail Partnership coughs up the £2.5 million contribution out of their funding allocation!

ACTION POINT

I ask the Select Committee to please ask relevant and pertinent questions—with a robust follow up at a later date as to whether Network Rail are dealing with this matter urgently, and plan to get things moving a lot earlier than 2012. Local funding or no.

September 2009

Further memorandum from Mr B George (PIR 11b)

Buxton to Matlock line to be re-instated thereby creating a relief route for the East and West Coast main line.

Of particular relevance and benefit to the High Output statement—High Speed route to the north. Submitted to Government today 30 December 2009.

1. Further to my letters of 26 and 29 September 2009, I wish to draw to the attention of your committee the enclosed article which further supports my comments in the above letters.

2. In brief, I said in my letter of 26 September—paragraphs 2b onwards heading: MIDLANDS, that I felt there was a very good case for re-opening the line between Buxton and Matlock, thus giving an additional through route for rail in the Midlands.

3. Also relieving rail traffic congestion on the East and West Coast main lines and taking congestion off the roads. Of particular benefit to the electrification proposals in terms of increasing sustainable rail capacity in the UK.

4. Also providing greater opportunities for jobs and training for local people.

5. Network Rail having already conducted a technical feasibility study—in 2007–08 period, and reporting that it can be reinstated.

5a. The track bed and tunnels being unencumbered as is the intermediate station at the large town of Bakewell.

6. The rest of the original line, northern and southern routes from Manchester to Buxton, and Derby to Matlock being in place and used heavily for passenger and freight duties.

7. Moreover a local steam railway has already relaid some of the seven to eight miles between Matlock and Buxton, so for very little extra cost you could have a complete new through route without the need for disruption to services.

8. Moreover the intermediate station at Bakewell is fully extant complete with platform, and would serve what is now a large country town.

9. This town attracts many visitors throughout the year for equestrian and agricultural events, amongst other activities.

10. Its residents would be saved many an elongated trek to Matlock and Buxton to catch the train—as they have to do now. Bakewell being very exposed to the winter weather and the buses are not that brilliant.

11. The article also highlights once again the fragmented aspect of local authorities trying to deal with rail matters that are beyond their comprehension.

12. The technical feasibility study for instance was partly funded by Derbyshire County Council. Yet even when they are told the route can be reopened, they go and start trying to turn the whole thing into something for walkers to use. (As a walker myself for 20 years I can tell you there are masses of alternative routes all over the peak district—the place is like Piccadilly Circus at the weekend).

13. Finally I would say that I have written today to the Department of Transport about this matter.

December 2009

Memorandum from Mr M Blathwayt (PIR 12)

High Speed Links; Integration with the European railway system; reconciling freight and passenger needs; the developing need for rolling stock to be fully wheelchair accessible; a cycle friendly railway system.

INTRODUCTION

The invitation to submit evidence contains a number of important very detailed and wide questions. Recognising that you “cannot do everything at once” means keeping the analysis clear and far sighted; otherwise choices simply cannot be understood enough to be supported by the nation as a whole and acted on efficiently by the railway industry. Main priorities suggest themselves. What is important? What is achievable? What is already started and best completed soon?

STARTING POINT

1.0 The rail industry and government must persevere with the carefully reasoned choices that have already been made; this means:

1.1 “Press on” with the existing priorities, referred to by the Committee, in completing London’s Cross Rail and Thames Link, ahead of schedule, and also eliminate the constrictions on the existing network by accelerating urgent work at Reading and Birmingham New Street, in a way that does not impede the most “time efficient” High Speed Line to Scotland.

1.2 As a trading nation, recognise 90% of world trade is by ship.

1.3 Parts of the railway network that link major freight ports to inland freight terminals may need infrastructure to be up graded from “standard loading gauge” to “W 10 standard” to accommodate the industry preferred “high-cube” containers; these can now only fit under many UK bridges or tunnels if placed on special “low bogie wagons”. Is this restraining modal shift to rail and putting freight on the roads by default?

1.4 Identify where there might be “rail freight priority routes”. The bridges and tunnels of some rail routes (like the long-closed Great Central Railway) were first built in the UK close to the “W10” continental loading gauge and might give clues to help clarify those routes where bridges and tunnels might more easily be made larger in due course, and which are the other routes where that is impractical and bridges can be left as they are; at least until European style “double-deck” passenger carriages are needed.

1.5 The lifting of restrictions on extra “train paths” needed for freight trains might, at a cost, be addressed by restricting frequency of passenger train paths, or accepting lower speeds for passenger trains which have to be slowed by freight timetables, or by altering track maintenance timetables.

Finding new “train pathways” for High Speed passenger traffic by constructing new dedicated high speed passenger lines, enables a new high speed line to “buy time” for freight to develop in the spare route capacity of the historic main lines.

1.6 Industry experience, at home and abroad, is reported to show that new high speed lines cost less to build than up grading existing lines; the process is quicker; new railways lines use much less land than new roads; the trains are lighter; the routes meet the needs of the future as well as existing demand; that seems to point the way forward. Clear, locally informed, strategic vision can help indicate when new lines will divert to entering city-centre stations and when new stations on new lines, built on green field sites, will themselves become centres for new towns. This is just what Brunel did at Swindon.

2.0 The High Speed Choice

2.1 Whether it is seen as the last piece of a jigsaw puzzle or the first step, there is broad agreement that, for the good of the whole country, there should eventually be built a new “capital project”, a high speed passenger line from Scotland to link to the Channel Tunnel. Is it correct to see this as good a way as any of bringing “lasting” and “immediate” economic activity and benefit to the whole length of the United Kingdom? To simplify an understanding of the environmental impact, one approach is that its route, wherever possible should try to “shadow”, approximately, the existing West Coast Main Line rail and motorway route corridors northwards except where there are very clear environmental benefits from diverting to adopt another new “existing quiet fields and quiet neighbourhoods route”. 
The paramount priority, if investment is to be profitable and strategic, must be to give to the Whole of the North of the United Kingdom direct High Speed Services to and from Europe, not merely to give London a quicker route to Scotland.

2.2. A wide range of benefits accrue from a new High Speed Railway Line to the North.

(2a) In the “short term”, giving “length of country economic impetus” from construction and engineering processes; including simple factors like accommodation up and down the country for railway industry teams being needed in hotels and B&b’s; planning; legal and valuation work; earth works; rolling stock and infrastructure engineering, leading to commissioning new rail services on the new line and creating new services for freight and passengers on the extra capacity liberated on the existing East Coast and West Coast routes.

(2b) In the “medium and long term” spreading “ease of opportunity” and “social connectivity” to parts of the country left behind by the south east. The experiences of Lille in the north of France and Tarbes, among others places in the south, demonstrate how, thanks to the new railway links “what was lost has been found”.

(2c) For the “long term future” identifying and opening up strategic areas for building the new towns and cities which will be needed if population growth continues or if coastal areas continue to be affected by rising sea levels; new cities that are sustainable by being really pleasant to live and work in, profitable and energy efficient, and connected to Europe by High Speed Rail services.

(2d) In universities and through apprenticeships, seek to encourage and nurture the development of all the skills the development of railway systems require:—mechanical and signalling engineering; locomotive development and rolling stock construction; research and development; maintenance of trains and track; station design and power provision; are all professional expert skills which are in growing demand worldwide. Developing the country’s own talent must be a priority, for our own industry and as a valuable sustainable export. The railway from Cairo to the Cape has yet to be completed; elsewhere large regional systems are planned; who will win the prizes?

3.0 How do we avoid the unrealistic “non priorities” and pick winners?

(3.1.a) Save scarce resources of man power and expertise; material; borrowing reserves and funds; and time, by not attempting “to do the impossible” where returns may not be clear; by this is meant, make new rail lines such as “Crossrail” and “Thames Link” and their new railway carriages accessible to wheelchair users, but do not try, for example, to make the whole of the old London Underground Tube network wheelchair accessible. Putting a lift shaft into some old historic London Tube stations might easily cost “more than tens of miles of new accessible high speed line to Scotland”; is it justified when alternatives for the short London journeys already exist where most buses and taxis are already wheelchair accessible? In contrast there is no alternative easy route from Scotland to mainland Europe.

(3.1.b) There exist apparently attractive proposals for having a high speed network linking the main commercial centres of the Midlands with each other and with London. This is promoted, in some quarters as a “first step” towards an eventual link to Scotland, “such link to Scotland to follow; only when resources permit.”

(3.1.c) It is apparent to some involved in land use planning, to the observer looking from train windows and is painfully obvious to most of those held up in traffic on elevated motorways or airports, that there are inherent dangers in this incremental inching towards Scotland. The Midland conurbations are already congested; the capacity of the motorway network is overstretched for large parts of the week, there is a shortage of housing, some of the new housing supply is of the wrong type in the wrong place; large areas of former commercial land lie idle, the canal network is under utilised. There is great scope for radical improvement of local and regional infrastructure locally. Sheffield, Manchester, Nottingham and the Western towns of Birmingham have faced very unequal funding hurdles in their attempts to develop their tram systems, not comparing well with the continental processes for procurement, where systems commonly take only four years from conception to opening and “rapidly let prosperity into the city while keeping pollution at bay”. One of the Directors of Major Projects in Bath sighed resignedly “Trams are a dead duck in this country!”

3.2 Against this background, a High Speed Rail Line from Scotland to the Channel Tunnel addresses a different strategic need but still would bring great benefit to the Midlands and North of England.

3.3 Is it true to say that to frustrate a clear decision for a European High Speed Line to Scotland, or to water it down or to delay it by saying that the Midlands badly needs the investment instead first, is to build the skeleton of a high speed rail network without its back bone? Does it hold together logically?

3.4 Is it a “red herring” to suggest that a European High Speed Line to Scotland has to cost much more and be further delayed in order to go via Heathrow airport?

3.5 When resources are short, should not the new strategic High Speed Rail link to Scotland be seen as a having a international, not just a “south and east regional significance”?
3.6 Is it that European priority, a link that strengthens and shares the benefits up through the length of the country, that recommends this “simple first step” and which clarifies most swiftly and accurately, the approach that serves the country’s needs best?

3.7 Is not the European High Speed Line to Scotland best built first, so as to avoid “bottle necks” and congested rail infrastructure in future, planned so that the midland and northern regional railway systems may link in incrementally, as their own expansion develops?

4.0 Are there crucial lessons for the future?

How shall we use the railways when our abilities are different or when we are old or injured or when we need to use even less fuel and power? Is that a priority for future generations of passengers?

When it will be completely understood that meeting fully the wheelchair users’ and cyclists’ needs and listening to their expectations shall create a better transport system for everyone else?

4.1 Wheelchair users and cyclists may not always benefit from improvements to the railways; it is important that they should; frequently it is found that “if you get it right for the disabled” it will be even better for cyclists and everyone else. How soon before every single new railway carriage is constructed to accommodate couples or sporting team-mates who wish, or need, to travel in wheelchairs together, or in small electric scooters?

4.2 How will a railway system that meets the needs of the wheelchair user and cyclist be better prepared to cater for more general passenger needs, like easy access to railway stations or luggage capacity on trains? Is it good, out of rush hour, to attract families with children to secure a “modal shift from car” that otherwise might not occur? Shouldn’t that also include families’ bicycles? The French proprietor of The Beaujolais Restaurant in Bath, who travels widely in the UK and Europe, puts it succinctly: “For the trains to be used more and the car less, the costs of going by train must be cheaper for a family!”

4.3 Even with the difficulty of “making do” with the UK regional network, presently converging on London and not yet really “fully joined up” with the regions of Europe, pioneering families are already proving that it is practical “to treat the journey as part of the holiday”. This rediscovery of the “green alternative” to air travel means that the Alps, Italy, Spain and even parts of Greece (using a ferry from Italy) can be reached from Britain by train. What is true of Greece can also be true of Scotland, Wales, the West of England and the National Parks of Northern England; attracting overseas business travellers, tourists and holiday makers, in a sustainable and profitable way, to the regions of the United Kingdom. This development is particularly welcome to wheelchair users, for whom airports and aeroplanes can be quite an experience. When last asked to comment, The Association of British Lourdes Hospitaliers, NDL(PGA) and The British Lourdes Hospitality Trust estimated that some 38,000 pilgrims in organised Pilgrimages from the UK would choose to travel to Lourdes by rail instead of air, if un-broken journeys from their home cities direct to Lourdes, in south west France could be made without the fuss of changing train. The respondents from Scotland were the most enthusiastic. Why? On flights from southern England to Lourdes, most pilgrims will not need to go to the WC during the flight; whilst, from Scotland, most pilgrims will need to go to the WC; aircraft WC’s are cramped and not much fun in a “transfer” wheelchair.

4.4 Is it better that every railway carriage has one wheelchair accessible WC than two WC’s that are not? Too late for some, these issues are already being addressed by the organisers and by specialist experienced consultants for the 2012 Paralympics and Olympics in London and the sailing events in Weymouth, but better answers will be required for future events and competition for World Cups.

Summary

5.1 Priorities for investment must first be recognised calmly and clearly; it is a paradox that the improvements that most benefit all travellers are frequently first identified by those with real experience of living with different abilities such as needing to live using a wheelchair. Our society as a whole benefits most when it learns really to Listen to those on the margins as well as to the economist.

5.2 Ordering our priorities in the light of their specialist experience and coupled to transport specialists’ insight can then be a reliable guide to where the priorities for sustainable investment are to be found.

5.3 Is it possible to talk of ordering priorities both in matters of broad principle like the new high speed rail link between Scotland and Europe, as well as at a more local level?

5.4 Calling for fuller scrutiny and amendment wherever non railway interests are putting at risk “passenger convenience” through insufficiently thought out redevelopment proposals; should that be a priority? Is it a priority to prevent restriction of flexible access at railway stations to cyclists and wheelchair users for example? The impact of highly irregular wasteful looking proposals which damage access systems far-sightedly devised by Brunel at Bath Spa have already been documented to the Transport Committee and The Department for Transport by Planet Practice. Is it an investment “priority” that these proposals be reworked?
NOW IS THE ACCEPTABLE TIME TO ACT

6.1 The highest priority is to give the entire North-South axis of the United Kingdom a direct High Speed Line to Europe that will be fully accessible to wheelchair users going to work and cyclists on holiday alike.

6.2 The sooner this line is operating, the quicker fresh impetus can be given to the subsidiary imperatives; of making rail freight more user friendly; electrifying other parts of the network quickly to link Wales and the West of England to the Channel Tunnel and the inter regional network of the European rail system.

September 2009

Memorandum from the Railway Engineers Forum (REF) (PIR 13)

The Railway Engineers Forum (REF) is a multi-disciplinary body drawn from the professional Institutions with strong railway interests. The members are drawn from the Institution of Civil Engineers (ICE), the Institution of Mechanical Engineers (IMechE), the Institution of Engineering & Technology (IET), the Institution of Railway Operators, (IRO) the Institution of Railway Signal Engineers (IRSE), the Permanent Way Institution (PWI) and the Railway Civil Engineers Association (RCEA), The Chartered Institute of Logistics and Transport (CILT).

The REF provides informed professional comment on railway issues both in response to government and transport industry proposals and to matters of more general concern. It is currently chaired by the Permanent Way Institution.

This response has been coordinated by REF and the views put forward have been agreed by all participating Institutions.

The REF would be pleased to offer technical assistance to suggested follow up studies as well as provide oral evidence on the subject of Priorities for investment in the railways.

PRIORITIES FOR INVESTMENT IN RAILWAYS

The Railway Engineers Forum welcomes the opportunity to contribute to the consultation on rail spending priorities focussing mainly towards engineering issues.

1. In the medium and long term, what should be the main objectives for investment in the railways, in order to improve both freight and passenger services?

The main objectives for investment are for schemes that lead to cost beneficial higher utilisation of existing assets, leverage of synergy between transport modes to promote integrated public transport and schemes that allow for flexible energy sources. These objectives and associated schemes need to be a mix of short term enhancements and long term projects. The longer term projects would include a programme for those of strategic importance where there is an undisputed need, where the programme changes little; the pace of delivery being dictated by funding capacity. European examples include Banverket’s strategic projects in Sweden, the high speed and urban programmes in Spain and the TGV programme for France.

2. How should these objectives be determined?

These objectives should be chosen taking into account economic, societal, environmental and practical engineering factors. No one factor should have disproportionate influence. Schemes need to be prioritised to suit the overall economic conditions and the availability of finance. Those that can be completed in a moderate timescale (eg up to two years), such as in fill electrification or medium distance track doubling, may be more attractive in the current economic climate as they are seen as affordable and give a faster return on capital. Key to this will be to have the engineering aspects of schemes developed in anticipation of financial authorisation. Serious challenge should be given to factors that have driven up or will tend to drive up the costs of rail investment. An example includes slavish adherence to existing Health and Safety constraints which do not necessarily feature in comparable European rail systems.

3. What is the impact of rail enhancements on the economy?

The past 10 years have seen significant ridership growth in rail passenger numbers both on main line and light rail. Freight transit by rail has also increased. This has been achieved by a mix of using spare capacity and by investment in rolling stock and infrastructure. The rail culture is seen to be improving. Investing in rail essentially means investing in the associated technology, engineering and system provision. The UK has slipped backwards over the past three decades in terms of its rail engineering capability and some skill sets have been reduced almost to the point of oblivion. Re-establishing a UK based rail engineering capability and supply base will help to alleviate the present worsening unemployment situation as well as allowing the UK to compete better in rail market opportunities both at home and abroad. The Railway Engineers Forum
is an active participant in the proposal to establish a National Rail Skills Academy. This will encourage infrastructure owners, rail operators and their supply chains to invest further in the next generation of technicians and engineers. This will benefit the UK rail system as well as having a positive impact on exports.

4. **How should long-term development of major new infrastructure, such as high speed lines, be balanced against short and medium term investment to improve capacity and passenger experiences?**

There should be a mix of short and medium term projects as well as longer term. New construction can be more affordable, especially if we did more. In pure construction cost and operational disruption terms the construction of new infrastructure is likely to be better than upgrading existing heavily used corridors. A comparison between the impact of the West Coast Main Line upgrade and High Speed One underscores this point well. In the former extensive whole weekend closures and multi-week blockades were necessary. For High Speed One only modest track access was required to make the connections to the classic network. Likewise Thameslink Key Output One is far more disruptive to a large number of passengers than the East London Line, where there is only the suspension of services on a lightly used route. The Crossrail central London works are likely to have no more impact on passengers than the upgrading of the Victoria line. Significant amounts of the works will be undertaken in a segregated area, with little effect on existing rail services during the bulk of the construction phase.

Other European countries appear to be able to build new infrastructure at less cost and timescales in urban and inter-urban corridors than in the UK. This situation needs a strong challenge. The new planning legislation is welcomed as a means of shortening the overall time. The different costs of providing underground rail routes in Barcelona and Madrid are in stark contrast to comparable London projects. Line 9 in Barcelona is 41km long, of which 34km is in tunnel, with projected costs of Euro 2800 million. In Madrid the second 8.5km cross city line opened between Chamartin and Atocha in 2008 with two intermediate stations at Euro 550 million. A third 7.3km tunnel under Madrid to connect high speed routes is under construction with a projected cost of Euro 286 million.

5. **Is enough consideration given to the integration of rail with other transport modes, and with other demographic developments, such as new housing developments, when rail investment decisions are made?**

The simple answer is no. There should be a capability in moving in hierarchy from bus to light rail, metro, tram train as traffic flows increase. By planning passive provision and scalable infrastructure by the use of modular add on components eg Signalling, electrification we would be able to respond more readily to demographic change. Better integration between different rail companies and between rail and road might need a change in the performance and penalty regime process. Trains that are late because of waiting for a connection from a bus or other train to the benefit of interchange passengers should not attract the same penalty as levied for other problems eg unavailability of crew, traction problems etc. The whole performance measure needs to be re-cast but without falling into the trap of condoning poor operating practice, inadequate staffing or poor maintenance. Consideration should be given to freight only route and terminals to reduce the extent of final road journeys.

6. **Is enough consideration being given to the views of passengers in making investment decisions on the railways?**

No comment.

7. **What should be the key priorities for the next High Level Output Statement?**

Keeping the present railway maintained to the required standard is paramount. Therefore investment in maintenance related infrastructure such as remote monitoring, training and specialist equipment should be a priority to maintain service levels whilst reducing OPEX. Capacity improvements at pinch points must continue (eg Swindon Kemble). Also in fill electrification in addition to the schemes for Great Western and Liverpool—Manchester schemes, with the associated reduction of diesel trains running on electrified routes. Much closer liaison and integration between Network Rail and the Train Operating Companies to get the right traction decisions for the services that are on offer or are aspired to. Selective infrastructure improvements such as freight loops can increase the overall capacity for freight and passenger trains.

8. **Is the current investment programme sufficient for the needs of the UK economy and for passengers themselves?**

Current levels of investment are much higher than have been enjoyed for many years. However from an engineering perspective, is the money being spent wisely? The infrastructure owners have structured project development processes but freezing a design to reduce scope change appears elusive. This is inefficient in terms of cost and time. The delivery of the engineering most railway projects involves many layers in the infrastructure owners as well as supply chain of design, bidding, contract letting, manufacture, installation, testing, approval and commissioning. Getting better value means getting more for your money by a more efficient process from the writing of a remit to the delivery of a commissioned project.
9. In the light of the current economic crisis is it still important that projects designed to increase capacity continue in the present timescale?

Most significant projects have durations that exceed the length of an economic cycle, let alone an economic downturn, when the planning and construction time is added together. The busiest parts of the rail network are still overloaded even with the current modest reduction in volumes of passengers. In the short term the projects under design and construction should benefit form a more competitive market for resources.

10. Use of Technology: There are two areas where technology may assist in obtaining greater benefit for the travelling public with the limited funds available.

10.1 Low cost operation on rural routes to obtain better value—Attempts to do this in the past have not really succeeded perhaps because the development of new technology (eg Radio Electronic Token Block) is not matched by a set of simplified safety and operating rules. Low cost operation should not equate to lower speeds since longer journey times will dissuade passengers from making a modal change and will mean lower revenue, thus off setting the lower operational costs.

Many engineering opportunities exist:

— lighter less crashworthy trains (tram trains may fit in here). Noting also that Tyne and Wear metro trains have operated on the same routes as freight trains for several years;
— far greater use and dependence on radio for train position location, driver initiated route setting; and
— simplified but not necessarily rationalised infrastructure, eg point operating mechanisms, weight of rail.

The big challenge remains at level crossings since cheaper systems with less physical barrier between road user and railway sooner or later leads to a major accident and the associated public outcry. A level crossing closure programme to gradually eliminate the little used ones, which is always difficult because of legal ramifications, together with low cost modular bridges for both pedestrians and road traffic should be pursued.

10.2 Information Systems—Enticing more people to use trains by making the whole experience better is within our grasp. This is the information age and the gradual but steady convergence of mobile radio and the internet should mean that any transport information is available to anyone who has a blackberry or I-phone device. It is accepted that not everyone will have or use such a device but the ratio of those that do and those that don’t will increase very quickly. The percentage of people who do not have a mobile phone in the developed world is now less than 20% and this has happened in a 15 year period.

Therefore having got the hardware, the challenge is to develop information pages that are easy to understand and use in real time. Systems should be capable of responding as well during traffic perturbations as when trains are running normally. A typical example would be a person on a journey that is delayed and the planned connection is missed. What onward connections are available by what means of transport and at what cost to complete the journey?

Information availability has to migrate from the general, ie the timetable, the display boards, the announcements, etc, to the personal where a journey plan and cost is made available to an individual. Airlines already do this to some extent but the rail/bus sector has barely started. As an investment scenario, information system development is carried out by many organisations and the emphasis must be on getting the development costs paid for by such firms with pay back being by advertising, call revenue, train journey promotions etc.

September 2009

Memorandum from TravelWatch East Midlands (PIR 14)

1. Introduction

1.1 TravelWatch East Midlands is the public name of the East Midlands Passenger Transport Users Forum, an alliance of groups representing the consumer interest across all modes of public transport.

An independent body which aims both to represent the interests and concerns of public transport passengers across all forms of transport, and to assist local and regional authorities’ work towards an integrated and seamless quality public transport network for the East Midlands region, it has received support from the East Midlands Development Agency (EMDA), Regional Assembly and local authorities.

1.2 This response presents a passenger view on priorities for rail investment arising from consultations on issues of concern in the East Midlands. It draws on our work in determining passenger requirements for the new rail franchises which came into operation in November-December 2007; a study on accessing the
railway by all modes; contributions to the development of Network Rail Route Utilisation Strategies (RUS); and work (with Passenger Focus) on crowding issues, especially on the Liverpool-Nottingham-Norwich route.

2. PRIORITISING INVESTMENT IN RAIL

Our response to the questions posed by the Committee is as follows.

Q1. In the medium to long term, what should be the main objectives for investment in the railways, in order to improve both freight and passenger services?

Setting aside the development of high speed lines, considered in our response to Question 4, we believe that the main priorities, in order of importance, are:

Increasing capacity

This requires the revision of track layouts to remove bottlenecks; provision of additional running lines where necessary and improving line speed; enhancement of operational capabilities on resignalling; and provision of additional rolling stock. Achieving synergies in infrastructure work is important—for example remodelling a track layout at the same time as resignalling or electrification—to avoid wasted opportunities and unnecessary expenditure in the longer term.

In the East Midlands funding for line speed improvements between St Pancras and Sheffield has been agreed by the Office of Rail Regulation (ORR) for Control Period 4, 2009–14 (CP4), but work to eliminate a bottleneck at Nottingham at the same time as resignalling was only approved after representations by regional stakeholders following the ORR’s draft determination. Had ORR not relented, delays and capacity problems due to an out-of-date layout would have persisted, possibly for another 30 years.

The draft East Midlands RUS, now published for consultation, recognises that bottlenecks exist at Derby; through Leicester; and, for freight trains, between Leicester and Kettering and south of Bedford. Capacity problems at Leicester are likely to be exacerbated by anticipated growth of inter-modal freight trains following the upgrade currently in progress of the route from Felixstowe to Nuneaton. It is important that these constraints are dealt with in phase with the programme to replace 1960s–1970s signalling on the Midland Main Line and connecting routes over the next few years.

Crowding at peak travel times arises due to the tight specification of rolling stock for franchised operators by the DfT, and the lack of a free competitive market in rolling stock provision. The East Midlands RUS recommends the strengthening of peak trains to and from St Pancras, with no indication as to where the additional vehicles necessary might come from. Here is another potential synergy, with electrification, as a firm electrification programme would allow a predictable cascade of diesel trains.

On some routes there is crowding at other than travel-to-work peaks. A good example is Liverpool-Nottingham-Norwich, a route serving many urban centres and providing essential connections for cross-country journeys. Most trains are crowded at some point in their journey, especially on Fridays. Despite this, within present industry structures it has proved extraordinarily difficult for the train operator to secure additional vehicles—now promised, with the blessing of DfT, for 2010.

Electrification

The announcement by the Secretary of State of electrification of the Great Western and Liverpool-Manchester routes is most welcome, but there is as yet no commitment to a rolling programme covering other lines. There is particular disappointment that the Midland Main Line is not scheduled for early wiring. This has the best business case of any in Network Rail’s Network RUS Electrification report, with a benefit cost ratio (BCR) of infinity—that is to say the scheme would pay for itself on straight financial savings over the assessment period, without taking into account user benefits and other non-financial factors.

As mentioned above (under Capacity), electrification is best carried out in phase with any other work envisaged on a route—not least to minimise disruption to passengers if track remodelling, resignalling and electrification are carried out simultaneously rather than sequentially.

Improved inter-regional and inter-urban linkages

Despite improvements in recent decades in cross-country routes the rail network remains too focused on travel to and from London. Reaching other English regions (with the exception of London and South Yorkshire), Wales and Scotland from the East Midlands by rail is difficult involving slow journeys, changes of train and usually both.

Leicester has few trains (late evening only) to Leeds, and none to Manchester and other centres in the North West, the North East, Wales or Scotland. Lincoln is one of the few sizeable centres without through trains to Birmingham. Vital inter-urban links such as Nottingham—Birmingham are slow.
Part of the problem is rail franchising which “fossilises” the rail service map and handicaps the development of new routes. Open access operators have made a tentative start on filling the gaps, but face considerable hurdles in gaining access to the network, and restrictions on competition with franchised operators. We fear that in the present climate a much-needed Leicester—Nottingham—Glasgow open access proposal will fall by the wayside.

Connecting communities not directly served by rail

The recent document Connecting Communities issued by the Association of Train Operating Companies (ATOC) usefully points out gaps in rail services without being hidebound by the current rail map.

In the East Midlands there has been some success on re-connecting towns to the rail network, notably through reopening the Nottingham—Mansfield—Worksop “Robin Hood” line and the station at Corby. Other cases have met difficulties through rail industry structures—several years ago a funding package was developed to reinstate the station at Ilkeston, but the then train operator was not funded and resourced to provide a train service so the proposal lapsed. Ilkeston is duly listed by ATOC but will it ever happen?

The Leicester—Coalville—Burton-on-Trent line, currently used only by freight trains, straddles a regeneration area with similar characteristics to those served by Nottingham—Mansfield and other successful reopenings (Alloa, Bathgate, Ebbw Vale). Yet attempts over many years to restore a passenger train service have not been successful, and there is no certainty that even passive provision will be made when track remodelling and resignalling take place at Leicester.

Q2. How should these objectives be determined?

Determination of BCR is a useful tool, but we have doubts on the validity of revenue forecasts. New rail services and stations consistently achieve well above predicted usage (double in the case of Alloa), and in the East Midlands the “Robin Hood” line has been so well used that there are crowding issues at peak times and provision of a Sunday service has been justified. A recent consultant’s report for Leicestershire County Council takes a very cautious view of likely fares revenue from a reopened Leicester-Burton rail service, and the inferred need for substantial short term revenue support has handicapped taking the scheme forward.

It is also useful to look at where constraints are currently restricting rail’s ability to cater for demand, or are predicted to do so in the short to medium term—for example at housing growth points. Corridors where road congestion is heavy and is predicted to worsen should have priority for rail investment.

Q3. What is the impact of rail enhancements on the economy?

Rail enhancements provide a more sustainable means than road building of catering for growth and countering inefficiencies due to road congestion. In the right places, capacity enhancements and the consequent improved travelling conditions can release pent-up demand for rail passenger services, allowing better linkages between centres of employment and leisure activity. This particularly applies to medium distances (20–40 miles) in the East Midlands. The Derby—Matlock rail service has seen an increase of over 40% in patronage since train frequency was increased in December 2008.

Q4. How should long-term development of major new infrastructure, such as high speed lines, be balanced against short and medium term investment to improve capacity and passenger experiences?

In a carbon constrained future, both will be needed. Investment (for example on the Midland Main Line) is necessary irrespective of the development of high speed lines, to meet short to medium term needs and to serve intermediate centres. We believe that the Midland Main Line should be modernised and electrified to the standards achieved on the West Coast Main Line (and in prospect for Great Western) before the development of a high speed line serving the East Midlands, necessary as they may be in the longer term.

Q5. Is enough consideration given to the integration of rail with other transport modes, and with demographic developments, such as new housing developments, when rail investment decisions are made?

There is a need for clear responsibility for integration issues in areas not having a Passenger Transport Executive (PTE), where the railways have little engagement with the local authorities responsible for roads and buses. In the East Midlands simple details such as proper information and signage for connecting bus services at rail stations are sadly lacking.

More account needs to be taken of demographic changes (as addressed by the ATOC Connecting Communities study) in the development of new services and stations—and in reviewing the service at stations currently served by few trains.

Currently, housing growth and other developments are planned through Regional Spatial Strategies and Local Development Frameworks. Although Network Rail have the opportunity to contribute to these, rail investment remains inward looking in that most proposals relate to catering for existing flows of passengers and freight. There is little sense that there is any proactive work with planners or developers to serve predicted flows, unlike with roads.
Q6. Is enough consideration being given to the views of passengers in making investment decisions on the railways?

Rail services tend to be planned nationally and regionally rather than locally. Passenger Focus provides a useful evidence-based national approach to representing passengers, but we believe that the voluntary sector can provide a valuable addition at regional level. The abolition in 2005 of the regional Rail Passengers Committees has reduced passenger input to regional rail decisions, but bodies such as TravelWatch in some regions are trying to fill the gap. These bodies would be more effective and cover more regions were they to receive modest public funding.

Q7. What should be the key priorities for the next High Level Output Statement?

See response to Q1

3. THE CURRENT RAIL INVESTMENT PRIORITIES AND THE IMPACT OF THE RECESSION

Our response to the questions posed by the Committee is as follows.

Q1. Is the current investment programme sufficient for the needs of the UK economy and for passengers themselves?

No, electrification should be expanded into a rolling programme for optimum efficiency and use of resources.

Q2. In light of the current economic crisis is it still important that projects designed to increase capacity continue on the present timescale?

Ideally, projects to increase capacity should continue as planned, but if necessary work should be phased rather than reduced in scope.

September 2009

Memorandum from HSBC Rail (UK) Ltd (PIR 15)

INTRODUCTION

1.0 HSBC Rail (UK) Ltd (HSBCR) provides a “cradle-to-grave” asset management, financing and leasing of rolling stock service to the UK rail industry. We are one of the largest private investors in UK rolling stock, with a book value of approximately £2 billion and a portfolio comprising a wide range of assets, including Diesel and Electrical Multiple Units, Inter-City locomotive-hauled train-sets, and freight locomotives and wagons. The rolling stock market is a large component of the total investment in the UK railway industry.

2.0 We welcome the Select Committee’s latest inquiry into the railways. In this submission we only respond to those issues which relate to our area of competence.

3.0 The key points made in this submission are:

3.1 Affordability and “value-for-money” constraints will require lower-cost rolling stock investment solutions to support HLLOS aims—priority should be given to schemes which emphasise the value of maintenance, upgrade and life-extension of existing rolling stock compared with the design and procurement of new;

3.2 A more commercial approach to the deployment and procurement of rolling stock involving the ROSCOs (who are natural long-term investors and asset managers in the rail industry) in a leading rather than a subsidiary role will result in better long term economic and market outcomes for UK rather than the current models satisfying the short-term needs of a specific Franchise, Operator or DfT specification;

3.3 A new “partnership” constituting a different type of strategic relationship and planning process between stakeholders is required to address more effectively the long term strategy for the industry: the planning process needs to be consistent, transparent, widely-acknowledged and accepted so that the results are bought into by everyone.

MAIN OBJECTIVES FOR INVESTMENT

4.0 Investment in rolling stock is a fundamental aspect of the overall investment strategy for the railways. It is central to the industry’s collective ability to deliver a safe, reliable and comfortable journey for passengers. At a time when demand for rail travel has witnessed a significant renaissance, rolling stock strategy becomes even more important in order to relieve overcrowding and to meet passengers’ legitimate (and growing) expectations of a safe and comfortable journey experience.
5.0 There is, however, a fundamental issue in terms of getting the right balance between investing in the refurbishment and life-extension of existing stock versus investing in new build. Our observation is that historically the investment strategy has been towards new build, but we believe that this has been hampered for affordability and funding reasons and is not the optimal strategy to pursue.

6.0 We believe that a rolling stock investment strategy should give greater prominence to the refurbishment and life-extension of existing stock which can provide “as new” stock at lower cost, releasing funding for other projects. We estimate that a potential saving of between £1.7 billion and £2.8 billion is achievable over 10 years through a targeted investment programme on existing stock to deliver the majority of the required outcomes for Control Periods 5 and 6 (2014–19 and 2019–24 respectively).

7.0 An example of where we believe this approach has worked, is the HSBCR funded investment in a new traction system in 15 year old Class 465/0 and Class 465/1 Networker rolling stock to deliver “as new” train performance and improved environmental benefits. For this investment, the need to replace 97 units in the medium term has been avoided by the targeted replacement of underperforming and ageing systems, creating a platform for a further 20–30 years of operational service of an existing fleet at fraction of the cost to build a new fleet (nominally £600 million capital cost to replace this fleet like-for-like).

HOW SHOULD THE OBJECTIVES BE DETERMINED?

8.0 The current Periodic Review, HLOS and SoFA processes are, in our view, broadly fit for purpose, although it is arguable that a five year planning cycle for the industry needs to be supported by some form of longer term strategic planning cycle, given the investment lead times for the industry and the (broadly) 30/40 life span of many railway assets.

9.0 One area where we believe that improvements can be made is the process by which all industry stakeholders are engaged in developing the long term strategy for the industry, with key stakeholders such as ROSCOs playing more leading roles given their long term stakes in the railways. In the past we believe that there has been an over-reliance on the core established interests such as DfT, Network Rail and ATOC.

10.0 A couple of practical examples may help to illustrate the shortcomings of the existing processes. In the first, the Class 313 stock which operates through the Moorgate Tunnel will reach their nominal life expiry date of 35 years in 2012. It has been difficult to engage bilaterally with DfT about securing leases for Class 313 rolling stock beyond the end of the current leases in 2015. The uncertainty has meant that an opportunity to perform relatively straightforward, low cost, life—extension work during the current C6 heavy maintenance cycle will be lost. Such work to be carried out in the future will inevitably be more expensive.

The alternative is to go for a new build, but as the stock would have to be bespoke to this route due to the constraints imposed by the tunnel, this new build would be very expensive. Another alternative is to use cascaded, standard stock—but this would require very expensive infrastructure work to the tunnel by Network Rail. This is a classic example of where an industry-wide approach to investment planning is so important.

A second example illustrates how HLOS interventions have resulted in inefficient outcomes and increased costs to the industry; for example, through both multiple rounds of bidding and negotiation for the same rolling stock, and with transacted rolling stock ending up being off lease for several months during subsequent cascades. The high-performing single fleet of mid-life Class 321 trains on London Midland Franchise is being displaced by new Desiro trains. But this fleet is being broken down into a series of smaller fleets on different Franchises (London Midland, FCC, NXEA and possibly Northern). The break up of fleets leads to less efficiency, less utility, more time off lease and less availability of spares. If mid-life performing fleets like this are displaced because of inefficiencies in the process, it will make new investment less likely or more expensive as investors will price in a premium for the increased risk. A more strategic approach would have concentrated the parties upon the right “value-for-money”/affordable outcomes from the outset, reducing/avoiding many of problems referred to above.

11.0 Over the last 12 months, we have developed a much more pro-active engagement programme with DfT at all levels, and are contributing to the development of a rolling stock cascade programme to help develop an overall rolling stock strategy that is more cost effective and maximises the operational value of the assets. The open dialogues need to continue, but it is important that the result is tangible outcomes for the industry.

12.0 A more pragmatic, cross-stakeholder approach should ensure that the industry addresses some of the system issues to get the right balance between short, medium and long term planning objectives and delivers the right balance between infrastructure, capacity, efficiency and cost across all of the industry’s

---

5 This amount is based on an assessment of HSBC Rail fleets and some non-HSBC Rail fleets. We acknowledge this amount would be greater if an objective determination was made across all UK fleets.
6 600,000 miles per traction system casualty.
7 Regenerative braking capability and operation.
8 To include DfT, TOCs, Network Rail, ROSCOs, rolling stock manufacturers and maintainers.
9 This seems at odds with HLOS objectives when parked-up modern EMU’s could be relieving crowded services from Cambridge to London on both FCC and NXEA. The Daily Telegraph published an article on 4 August 2008 using information acquired under the Freedom of Information Act: that FCC operated seven out of the 10 most overcrowded services in UK, with FCC 0715 and 0745 Cambridge to King’s Cross services being the first and third most overcrowded at 76% and 64% above capacity respectively.
investment needs. If we could create this approach to the maintenance/refurbishment/new build horizon for the industry and thereby smooth out the “feast and famine” issue which has so encumbered the industry in the past, then we can reduce costs, and, critically, enable the supply chain to preserve its core skills and plan on a more stable basis. The railway supply chain is currently very fragile, and any initiative that also helps stabilize and create UK jobs opportunities should be welcomed.

**KEY PRIORITIES FOR THE NEXT HLOS**

13.0 In the light of the above, we believe that the next HLOS needs to place a stronger emphasis on the “value-for-money” and affordability over the longer term, with the emphasis on maintenance and life-extension of rolling stock over new build. It is often possible to create the performance and “feel” of a new train at a fraction the cost through a refurbishment programme compared with new build. We believe this should be a key feature of the next HLOS.

14.0 The maintenance and life extension of existing electric rolling stock would be consistent with extending the Government’s Network Electrification/Low-Carbon strategies into the next HLOS through increased infill electrification; making available more efficient trains for cascade onto previously un-electrified parts of UK network as more affordable, reduced carbon footprint schemes to relieve congestion and improve capacity around major cities outside London including Manchester, Liverpool, Birmingham and Leeds.

15.0 We believe it is also important to move to a more commercial approach in the deployment and procurement of rolling stock, involving the rolling stock owners and lessors, to meet the HLOS outputs. Present policy involves the DfT as “specifier” and the TOC as “procurer”, but this approach leads to a short term approach around rolling stock specifications meeting the immediate needs to the franchise. Yet with appropriate investment and life-extension, trains have a life well beyond their nominal design-life of 30/40 years. Involving the rolling stock owner/lessor upfront in the process of procurement and deployment (and its negotiation) will lead to better long term decisions preserving long term utility across the UK rail network and reduce residual value risk, which will in turn reduce the rent/lease costs of the stock.

**SHOULD PROJECTS DESIGNED TO INCREASE CAPACITY CONTINUE ON PRESENT TIMESCALES?**

16.0 In the light of the current economic crisis and the expectations of public expenditure cuts, we believe that it is prudent to assume that there may be pressure to de-scope or re-define various projects to reduce costs, while seeking to maximise benefits and service improvements in the short to medium term. As of today, there is a reasonable assumption that certain “mega” projects such as the InterCity Express Programme, Thameslink and Crossrail may get delayed and/or de-scoped.

17.0 In a rolling stock context, we believe that the capacity increases provided by these projects could, in the short term, be secured by other means providing a combined saving over the next 10 years of £1.7 billion to £2.8 billion compared to the cost of new stock. Examples include:

- Restricting deployment of InterCity Express to IC125 replacement only on East Coast Main Line (and not the younger IC225 fleet), and increase route capacity through reforming the existing IC225 into 10-car sets with three spare Class 91 locomotives free and available to pull x3 10-car sets of Mark 3 coaches;

- Upgrading the mid-life Class 365 Networkers to give the performance/regenerative braking capability/interior refresh to work either alongside the InterCity Express and Thameslink stock to create capacity and provide suitable infill during the start-up phases, or move to other major routes such as Great Eastern or other areas as Electrification Strategy unfolds;

- Converting the existing fleets of Voyagers (Class 220s and 221s), Meridians and Pioneers (Class 222s) from diesel-operation only into bi-mode electric and diesel-operation only to give capacity increase, cost efficiencies and environmental performance at a fraction of the cost of new InterCity Express Bi-Mode train-set procurement;

- Class 321 upgrade and life extension, bringing together all the mid-life units which are currently dispersed across four individual Franchises onto Great Eastern to form one large high-performance, outer-sub-urban fleet serving the commuter needs of that region;

- Life extension of Class 315 fleet to preserve and grow capacity in lieu of a de-scoping and/or delay of Crossrail; and

- Life extension and upgrade of dual-voltage Class 313 fleet to service the commuting needs of London through Moorgate Tunnel, South Central and/or Merseyrail/Liverpool as part of a future cascade.

*September 2009*
Memorandum from the South Yorkshire Passenger Transport Executive (SYPTE) on behalf of the South Yorkshire Integrated Transport Authority (ITA) and Sheffield City Region (SCR) (PIR 16)

1. EXECUTIVE SUMMARY

South Yorkshire PTE is pleased to contribute to this Inquiry. In our view:

— Rail investment should be focused on achieving wider objectives in particular around the economy and carbon reduction.

— The silo based approach to rail investment planning must end, and rail should be incorporated into a fully multi-modal framework for planning and funding allocation. This was the original aspiration of the Delivering a Sustainable Transport System “DaSTS” initiative.

— Evidence suggests rail can have a substantial impact on economic productivity, but it is not deterministic, and estimating impacts requires careful analysis.

— PTEs seek more involvement in rail decision making, as we are long term partners and can plan strategically, span city regions, are customer focused and are specialist in delivering modal integration. We believe we can add real value to the investment decision making process.

— SYPTE would like to see the High Level Output Specification (HLOS) process be more transparent and partnership based, and take more account of other modes, local rail connectivity needs, and local/regional policies, especially where those policies are designed to encourage mode shift to rail.

— SYPTE would like to see rail connectivity to/from and within Sheffield radically improved, especially links to London and other regional cities, and want to work with the rail industry and other partners to achieve this.

2. ABOUT SYPTE AND ITA

2.1 SYPTE delivers the policies on behalf of the South Yorkshire Integrated Transport Authority (ITA), in which 12 elected members represent the interests of Sheffield, Doncaster, Barnsley and Rotherham. SYTPE also provides strategic transport advice and support to the Sheffield City Region “Forum” of council leaders and chief executives.

2.2 SYPTE is active in promoting and delivering integration between modes via information provision, travel advice, operating transport interchanges, park and ride, rail investments and long term integrated planning of the network.

2.3 SYPTE is committed to improving and integrating local rail in South Yorkshire. In many respects it is, like other PTEs, the only organisation that at a city region level:

— is a permanent presence and able to plan for the long term;

— researches and understands passenger needs and is responsive to those needs, and

— has the remit and drive to link rail to urban transport networks.

2.4 SYPTE is a co-signatory to the rail franchise agreement between the Department for Transport (DfT) and Northern Rail for the provision of local rail services to, from or wholly within South Yorkshire, and manages the grant for the provision of these services. Rail has a key role to play to achieve the inter-regional connectivity that we will argue below is key to the success of the city region.

3. KEY FACTS (FOR CP3) FOR SOUTH YORKSHIRE

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of stations</td>
<td>29 + 2 stations outside South Yorkshire</td>
</tr>
<tr>
<td>Numbers of services</td>
<td>41 trains per hour across six Train Operating Companies (TOCs)*</td>
</tr>
<tr>
<td>Projected growth in patronage</td>
<td>On local train services passenger growth has between 6–8% pa with Northern Rail currently carrying 7.4ppa</td>
</tr>
<tr>
<td>Rail investment led by PTE</td>
<td>Over the last five years SYPTE has led and substantially funded £19.9 million of investment in rail stations and car parking</td>
</tr>
<tr>
<td>Rail customer satisfaction trends (Passenger Focus—SYPTE area)</td>
<td>Facilities have risen from 40% to 73% Information has risen from 64% to 90% Security has risen from 51% to 71% Overall satisfaction has risen from 78% to 88%</td>
</tr>
</tbody>
</table>

* From December 2009, SYPTE and Yorkshire Forward are jointly funding further services between Sheffield and London.

3.1 SYPTE’s objectives have to date focused on understanding (through research and monitoring), and catering for local needs (through investment). As a result, rail patronage has in fact grown significantly and we expect will continue to do so over the future years except where constrained by overcrowding.
4. **Key Recommendations for Action by Government**

We believe Government should:

- align HLOS with the existing DaSTS process to focus rail objectives on wider economic, environmental and social outcomes;
- remove the “silo” approach to rail investment funding; as regions have shown that “Regional funding allocation” processes can work and be effective;
- take advantage of the knowledge of PTEs and involve them formally in inclusive rail priority planning processes; and
- involve PTEs more in the franchise process—PTEs are close to customers and know how to integrate rail with other modes to maximise the benefits of rail investments. Joint franchising is an option PTEs would favour.

In responding to the questions posed by the Committee we elaborate on these points further.

**Q1. What are the main objectives for investment in the railways?**

5. We believe that rail investment should be focused on delivering wider economic, social and environmental objectives, in particular using the connectivity that rail brings to encourage economic interaction between cities.

6. We also support the use of rail for moving bulk freight and containers—but believe that the longer term goals must be to separate freight and passenger traffic (to different networks, or to different times) as much as possible.

7. South Yorkshire believes there is a strong case for a high speed rail (HSR) link from London to the north, and within this to the Leeds and Sheffield city regions—a northern economy of two million jobs and over four million people. HSR would offer strong value for money and deliver substantial wider economic benefits of around £3 billion, could be truly transformational, and could help rebalance the UK economy from an over-reliance on growth in the south east. It is essential that the balance of the northern economy is not skewed through a differentiated rail investment programme. Already for example train journeys from London to Manchester are already over 7mph faster than those to Sheffield.

8. HSR needs to be taken forward as part of a coherent long-term (30 year) strategy for improving rail connectivity to the north and between regional cities. Our analysis has shown a strong case for:

   - Electrification upgrades to the Midland Mainline from Bedford to Sheffield and through to Leeds in the short term—this is an essential objective for rail investment;
   - East Coast Mainline (ECML) enhancements and improvements as outlined in the ECML Route Utilisation Strategy (RUS) but not yet committed—this is particularly important for both passenger and freight movements and their separation to allow faster long distance passenger train services and enhanced local services, especially in and around Doncaster which is a key bottleneck without a solution;
   - Direct high speed links from London to Yorkshire; benefiting the economies of both city regions and of London. In the first instance we believe it is imperative that HS2 links into the Midland Mainline;
   - It is also essential to secure improvements on inter regional routes, to bring the Leeds and Sheffield city regions closer together, and better Trans Pennine connections to the Manchester city region and Tyne and Wear. We need an efficient network of regional rail routes linking together our regional cities;
   - Pressing the case for specific local enhancements to be included in Government plans, in particular around Sheffield Station, Doncaster and key bottleneck junctions;
   - And for improvements to the rolling stock serving SCR, including replacement of outdated “Pacer” trains. This is needed across the South Yorkshire network.

**Q2. How should these objectives be determined?**

9. SYPT are fully supportive of the Government’s “DaSTS” objectives, which emphasise the role of transport as a means to an end and not an end in itself. We believe it is imperative that rail planning is fully integrated into this DaSTS process which was originally designed to bring long term decision making across transport modes into alignment. The DaSTS process identifies wider economic, environmental and social goals, identifies transport “challenges” and then examines, across modes, how the goals can best be supported and the challenges met.

10. In particular for South Yorkshire we see rail contributing to economic and social connectivity, and to carbon reduction. In particular rail is critical for wider connectivity with other regional cities and with London for both business and related travel—so our key focus is upon rail contributing to economic growth and productivity improvements. It can do this via (1) much improved journey times, and (2) by the quality and image of the rail offer to attract inward investment.
Q3. **What is the impact of rail enhancements on the economy?**

11. SYTPE believes that rail connectivity is a significant factor in enhancing economic growth via both agglomeration, commuting and image benefits.

12. To examine this SYTPE, in conjunction with Metro (the West Yorkshire PTE) commissioned Arup and economic consultants Volterra to examine the wider economic impact of improving Sheffield and Leeds rail connectivity to London. This work can be found at http://www.wymetro.com/NR/rdonlyres/40C52A2E-6292-439C-B214-CADA1BEA477C/0/SummaryReportIssue180809.pdf. The main conclusions were:

   — “traditional” assessment of the direct economic benefits (ie travel time savings for rail users, road decongestion benefits, rail overcrowding reductions etc) bring substantial benefits (c. £29 billion npv over 60 year appraisal period);
   
   — the wider economic benefits (agglomeration caused by an increase in the effective density of business centres) are estimated at up to £3 billion over the 60 year appraisal period for the Sheffield and Leeds City Regions. These figures are comparable with similar work undertaken by The Northern Way over a larger spatial area.

13. So the wider benefits can be a significant (c.10%) additional benefit. However, they must be carefully estimated. We excluded any form of impact relating to commuting overcrowding relief. Adjustments were also made given the sector makeup of the Sheffield and Leeds economies and their likely sensitivities to transport improvements. Further adjustments were also made to reduce some key elasticities on the basis of recent best practice.

14. The work also examined case studies of where high speed rail investment has already occurred, and attempted to understand the factors that led to a transformational change (Lille, Lyon), or not (Tours, or smaller centres such as Le Creusot). This exposed the complex interplay of other factors, such as aligned transport and planning policy and political ambition.

   We concluded:

   — that there can be substantial wider benefits from rail investment on the productivity of city region economies;
   
   — but the analysis to estimate these benefits is highly complex and also newly developed. So care is needed with the assessments and it is easy to overstate the case; and
   
   — economic analysis cannot predict potential “transformational” benefits as has been seen in some cities (eg Lille), but not others.

15. It also leads us to believe that the transformational benefits are likely to be greater where the relative journey time and quality improvements would be substantially relative to current conditions. But important factors are a frequent stopping pattern and other policies aligned to exploit the connectivity improvements. For example onward public transport movements within the city, integrated ticketing, and complementary planning and development policy. Similar work we have undertaken examining links to Leeds and Manchester indicated that realistic, increased frequencies with even fairly small journey time savings would bring conventional and wider economic benefits to all three City Regions. The benefits to SCR in GDP terms have been calculated at £13.5 million per annum but this is likely to be a cautious estimate. Current improvements to the model are likely to indicate even greater benefits.

Q4. **How should long term and short investment priorities be balanced?**

16. SYTPE strongly believe that one should not be at the expense of the other. New rail lines must proceed alongside updates to the existing lines such as ECML and MML, and smaller scale enhancements to local rail (eg Sheffield to Barnsley).

17. We believe the mechanism to balance this is through bringing rail investment decision making into a multi-modal framework as outlined in question 2. Bringing rail budgets into regional funding allocations would allow short and medium term investment priorities to be made, across modes and over time. Longer term national strategic plans (eg for high speed or airport expansion) could also be balanced and given longer term funding envelopes. The Government must be persuaded to fully participate in regional funding prioritisation processes.

18. SYTPE feel it is particularly important that short and medium term priorities are not neglected, as it is essential to the success of longer term investments such as high speed rail and electrification, that onward connections to final destinations are facilitated. In Sheffield for example we have worked hard to ensure tram/train/bus interchange is as efficient as possible.

19. Clarity in the decision making processes is also essential. The recent “HLOS” rolling stock work has set a poor precedent in this regard. The Northern Rail local rail fleet serving South Yorkshire is on average over 23 years old and diesel (worsening several Air Quality Management Areas). After many months of broadly positive discussions, the recent Government decision to cancel 202 new diesel rail vehicles, has
delayed further improvement and makes even more critical the electrification of key routes. But on top of this, it has undermined stakeholder confidence and has increased our uncertainty regarding the future programme of decision making.

Q5. Is enough consideration given to integration of rail with other modes or demographic developments?

20. The planning of rail led by the rail industry, through its HLOS and RUS processes does not support the design of a balanced multi modal solution which integrates rail into the wider planning network. The reliance on national growth models (TEMPRO) does not accurately reflect growth encountered in the major city regions where three times the predicted growth has been observed on some lines, leading to the overcrowding on trains into the major cities.

21. The DaSTS approach of undertaking a modally agnostic view to travel demand planning looked to be a step forward, but Government already appears to be watering down its original intention, for example taking forward its consideration of the “North-South corridor DaSTS study” looking only at motorways, and for trans pennine looking only at rail. SYPTE urges the committee to hold Government to the original intentions outlined in DaSTS and take a truly “modal agnostic” approach.

22. This is a particular issue for PTEs and ITAs whose remit is to integrate transport modes for the benefit of passengers across city regions, but who cannot do this without a supportive national framework.

Q6. Is enough consideration being given to views of passengers?

23. Passenger Focus do a good job in drawing the rail industry to customer views of the rail service offered, but when it comes to forward planning the public are seldom if ever asked for their views in a way which allows sensible engagement (eg Franchise renewals, RUSs, etc). Greater say should therefore be afforded to the public bodies which are both accountable to and represent the views of the public. This includes Councils and ITAs, all of whom are outwith any franchise cycle so are best placed to advise on longer term planning.

Q7. What should be key priorities of next HLOS?

24. As stated in answer to question 1, SYPTE believes that future rail investment should be focused on wider outcomes, in particular facilitating economic productivity and regeneration benefits, and carbon reduction. This should be done within the integrated planning and forecasting framework that the government has advocated via DaSTS. So the first priority for the HLOS process is to move on from the traditional approach to capacity forecasting to focus on the potential to make step changes in regional economies, and bring the rail network up to an appropriate “minimum” standard. Further work is needed to understand and address the effects of suppressed growth on crowded services.

25. As a result we believe the next HLOS (for CP5 2014–19) should be less focused on making marginal improvements to rail services (where the benefits consist of very small savings to a large number of people) and instead focus on step changes to services to transform patronage levels and the quality of rail system throughout the country. For SYPTE this means:

— technical work via DaSTS to inform longer term priorities for trans—pennine and regional connectivity;
— MML electrification and ECML enhancements;
— Further regional electrification extending the MML electrification from Sheffield to Leeds via both Barnsley and Rotherham/Rotherham Central and also to Doncaster;
— Plans to tackle bottlenecks and established reactionary delay hotspots at:
  — Doncaster station and approach
  — Sheffield station and approach
  — Swinton Junction
  — Dualling access to Rotherham Central.

26. We would like to see the work for HLOS start from the principles of where rail can contribute to wider economic, social and carbon objectives, and test the priorities we have identified.

Q8. Is the current investment programme sufficient for the needs of the UK economy?

27. SYPTE do not have the evidence to comment on the UK economy as a whole, but regionally the evidence suggests that patronage growth is higher than estimated by the Government, that there are substantial economic benefits from further rail investment still to be exploited by regional cities.
Q9. In light of current economic crisis, is it still important that projects designed to increase capacity continue on present timescale?

28. It is critical that the rail industry and its wider partners press on with projects. Project delivery timescales often span many years and by the time many are completed we will be well out of the current economic cycle. If problems are not addressed now, the current situation will get considerably worse before it gets better.

29. Rail connectivity in South Yorkshire is poor given the size and economic importance of Sheffield. For example the Nottingham-Sheffield-Leeds “fast” service covers the 70 miles between these three cities in two hours—an average speed of only 36 mph. Services between Sheffield and Manchester are equally poor—given capacity contraints on the Southern Transpennine route. Also, Sheffield struggles to compete with other cities for journey times to London taking even longer to get to London than York, which is a further 21 miles north—and is the largest city unconnected to the electrified rail network. These problems need addressing regardless of the economic cycle.

September 2009

Memorandum from TravelWatch NorthWest (PIR 17)

PRIORITISING INVESTMENT IN RAIL

1. In the medium to long term, what should be the main objectives for investment in the railways, in order to improve both freight and passenger services?

In the medium term local and regional train services need to be drastically improved to cope with the current problems of overcrowding. This applies as much to off peak loadings as it does to commuter periods as significant growth is evident in leisure travel. More carriages are needed. Trains should be refurbished on a rolling maintenance programme to afford acceptable comfort and seats to all passengers using them. Certain routes need to be electrified quickly (quick win?) and rolling stock procured so that improvements to services can be fast tracked. Many stations need to be upgraded to provide good waiting facilities and clean and safe environment.

In the longer term more electrification and capacity improvements in the form of new rail routes (HSR), which have the complementary function of relieving capacity on existing routes, will be needed.

2. How should these objectives be determined?

Stakeholders (both public and private sector) in all parts of the country must be involved in the process. Regional Passenger Champions need to be established to lead debate, programming and to chase progress. This may require some re-organisation of local authority transport policy provision. Robust passenger counts on congested and overcrowded routes will provide evidence for priorities. There is a need for longer term vision and the belief that rail can contribute much more to sustainable transport. Railway investment has very long lead times and pay back is over a long period of time. This does not favour private investment and a broader strategic view has to be taken of investment which will bring about many benefits—carbon reduction, road congestion, land use, health, general environmental considerations.

3. What is the impact of rail enhancements on the economy?

Enhancement to quality of the travel experience, where it has taken place, has already demonstrated its worth to the economy. Passengers will follow quality and it is here that investment needs to be concentrated. Leisure travel can greatly benefit from improved and more frequent services as can business travel. A good, efficient and reliable rail network providing fast and frequent access between communities will attract more investment to developing towns and villages, as well as addressing road congestion. New lines and connections are required for fast freight and it would be timely to examine solutions for smaller industries remote from main rail routes to see if they can be advantaged by rail transport.

4. How should long-term development of major new infrastructure, such as high speed lines, be balanced against short and medium term investment to improve capacity and passenger experiences?

We see High Speed Rail (HSR) as an important development in the long term. However any investment in HSR must not detract in any way from much needed investment to tackle the need for more capacity on local and inter regional trains which should be the priority in the short to medium term. Electrification of the most appropriate routes and procurement of rolling stock, either by cascading or new build will determine the achievement date but this is likely to be much earlier than HSR. There also needs to be a determined effort to concentrate on the needs of regions and cities outside London and the South East, many of which suffer from inferior rolling stock and route networks. Manchester hub is an immediate priority. HSR should be affordable to the passenger when it does appear.
5. Is enough consideration given to the integration of rail with other transport modes, and with demographic developments, such as new housing developments, when rail investment decisions are made?

No. Integration of transport modes is still a challenge. Provision of through ticketing and marketing of multi-modal travel is still a patchwork and little attention is paid to sub-regions outside major cities, particularly rural areas where bus fares can be more expensive than the train fare. Equally it can cost more to use a station car park than the cost of the train journey and until this is addressed passengers will not be tempted from the convenience of their cars. Additional car parking capacity at stations is sorely needed at many locations and any current land which could be used directly or indirectly to provide this must be retained and not sold off as has happened in the past.

Provision of new stations for new housing developments tends to come as an after-thought rather than part of the strategic planning process. An example is the Buckshaw village development between Preston and Chorley where 10 year old plans for a new station are only now being implemented.

6. Is enough consideration being given to the views of passengers in making investment decisions on the railways?

The current statutory passenger representation is nationally based and Passenger Focus does not have the resource to cover regional needs and provide any immediacy of pressure to planners or train operators. Most other organisations are voluntary and fragmented and consequently unable to provide a totally effective representation. Outside the major city areas local authorities generally provide a poor level of representation due to under resource. There needs to be an examination of a structure to represent passengers regionally to give an impetus to change at local level.

7. What should be the key priorities for the next High Level Output Statement?

Investment in local and inter-regional train quality, frequency and efficiency.

THE CURRENT RAIL INVESTMENT PRIORITIES AND THE IMPACT OF THE RECESSION

8. Is the current investment programme sufficient for the needs of the UK economy and for passengers themselves?

No. Whilst it has gone some way to make improvements many regions outside London and the South East retain trains that are not fit for purpose. Growth of passenger numbers continues to outstrip the investment need and there are many examples of passengers suffering severe overcrowding on cramped and old trains. Until a robust and reliable network is in operation (including multi-modal opportunities) offering the passenger comfort, affordability and fast access to and from destinations the rail industry remains in a state of fragility. Unless quick and visible improvements are made there is a great danger of migration back to cars and nullified growth.

9. In light of the current economic crisis is it still important that projects designed to increase capacity continue on the present timescale?

It is vital that projects are not only continued but are enhanced. As the world comes out of recession the rail industry needs to be in a position to respond quickly. It will be likely that business leaders will have a very different outlook on the way economies work as growth is regained so there is likely to be a major opportunity for the railways. Projects may take many years and so the opportunity may be long passed if there is any easing of progress.

September 2009

Memorandum from the North West Rail Campaign (NWRC) (PIR 18)

1. Introduction

The North West Rail Campaign (NWRC) was established in 2003 to lobby for a greater level of investment in the infrastructure of the North West’s railways.

The priorities of the Campaign, reaffirmed by the partners in Autumn 2008, are:

— Manchester Hub
— Rolling Stock
— Electrification
— Stations

There is also support for the development of a High Speed Rail network in Britain.
2. PRIORITISING INVESTMENT IN RAIL

2.1 In the medium to long term, what should be the main objectives for investment in the railways, in order to improve both freight and passenger services?

We believe that the main objectives for investment should be to:

— continue the ongoing drive for improved maintenance procedures and more efficient working practices to drive down operational costs. This will require an ongoing commitment from the Government to allocate funding to Network Rail in the current Control Period format to allow adequate planning and to benefit from economies of scale for procurement;
— remove bottlenecks from the network to allow for optimum use to be made of the infrastructure we already have. However, as is the case for the Manchester Hub, this will often require significant levels of investment;
— ensure efficient and adequate deployment of rolling stock;
— explore the benefits of reinstatement of disused lines to improve access to railways, particularly for the parts of the country suffering from severe economic decline over decades e.g. East Lancashire.

2.2 How should these priorities be determined?

Each region, with input from sub-regional studies, should determine their own priorities as with the Regional Funding Allocation, through a collaborative approach with Network Rail. For schemes of national or strategic importance, the lead needs to be given by the Department for Transport and Network Rail, based on suitable evidence. However, it is essential that evidence includes the wider economic benefits to the region, not just the benefit to the railway.

2.3 What is the impact of rail enhancements on the economy?

The positive impact of rail enhancements on the economy is generally well known, improving access to employment and encouraging agglomeration of businesses. In the case of the Manchester Hub, work carried out by Steer Davies Gleave on behalf of the Northern Way suggests that solving the Manchester Hub could generate £16 billion for the economy of the North.

2.4 How should long-term development of major new infrastructure, such as high speed lines, be balanced against short and medium term investment to improve capacity and passenger experiences?

It is crucial to ensure the short and medium term requirements are fulfilled to ease the day-to-day problems being suffered by passengers on overcrowded, delayed trains. However we believe that long term planning needs to be carried out to ensure that railways receive consistent levels of investment in the future. The Crossrail Bill was a good example of ensuring a major railway project kept moving forward, and allowed for new sources of funding to be identified.

2.5 Is enough consideration given to the integration of rail with other transport modes, and with demographic developments, such as new housing developments, when rail investment decisions are made?

Rail is perhaps the most time-consuming and bureaucratic form of transport to plan and deliver. Therefore the planning timeframes for housing and other forms of transport rarely coincide effectively with those for rail investment. There is also the problem that other transport solutions are planned and delivered locally, requiring effective partnership with the railways to ensure integration. This does not always happen. Despite these difficulties, more consideration does need to be given to integrating rail with other transport modes more effectively.

2.6 Is enough consideration being given to the views of passengers in making investment decisions on the railways?

Passenger Focus has made great strides in recent years in engaging passengers and gathering their views on how the railways could be improved. However this does not appear to extend to views on investment decisions. However, there are numerous rail user groups who should be consulted on investment decisions. More also needs to be done to keep the travelling public informed of how investment decisions are likely to impact on the day-to-day operations, not just on the end prize.

2.7 What should be the key priorities for the next High Level Output Statement?

Following the publication of the Network Rail study on the Manchester Hub in early 2010, we feel it is imperative that a resolution to the severe congestion in the Manchester Hub area is a key priority for HLLOS. We also want to see a realistic allocation of rolling stock to the franchises serving the North of England – Northern Rail in particular is suffering severe overcrowding on many services across the North’s major cities. The completion of the electrification of Liverpool to Manchester via the Chat Moss route will impact on the Manchester Hub and the rolling stock issues so needs proper consideration.
3. THE CURRENT RAIL INVESTMENT PRIORITIES AND THE IMPACT OF THE RECESSION

Whilst these are difficult economic times, it is imperative the planning and delivery of rail improvements continue to be funded. The timeframe for delivering rail improvements mean that the improvements could be complete for when the economy has recovered and increasing number of people need to access the railways to get to work.

The junctions around the Manchester Hub are already full, with conflicting movements of passenger and freight trains. Whilst the amount of passengers and freight may fall as a result of the recession, it is unlikely that the number of trains will significantly diminish, meaning that performance will continue to be intermittent and there will be no capacity for growth.

We would also like to see more experimental tram-train schemes developed across the UK as we believe this offers the opportunity for true integration of services for passengers. It would allow local commuter rail services to be diverted to on-street running instead of, in the case of the Manchester Hub, utilising scarce station track and platforms.

October 2009

Memorandum from the National Union of Rail, Maritime and Transport Workers (RMT) (PIR 19)

1. The National Union of Rail, Maritime and Transport Workers (RMT) welcomes the opportunity to contribute to the Transport Select Committee inquiry into priorities for investment in the railways. The RMT is the largest of the rail unions and organises around 85,000 members in all sectors of the transport industry. Our longstanding support for a publicly owned, fully integrated and environmentally sustainable rail network is well established.

2. The disastrous failure of the banking system, the subsequent publicly funded bail-out and the recent sharp rise in unemployment poses a series of difficult questions for Government. Revenues have tumbled with significant reductions in receipts from stamp duty, VAT, income tax and national insurance contributions. Additionally the Treasury has to deal with the effects of the multi-billion pound banking crisis.

3. In terms of taking steps to resolve the crisis, Government should, initially, seek to raise funds by taxing high value properties, increasing the top rate of tax for those earning over £100,000 a year to 60%. Should Government introduce a higher top rate they would clearly need to take steps to ensure that top earners do not avoid tax by declaring their income as capital gains. Additionally, HM Treasury could seek to save money by scrapping ID cards, withdrawing troops from Iraq and Afghanistan and cancelling the wholly unnecessary Trident replacement programme.

4. Furthermore, RMT presented evidence to your Committee’s inquiry into the 2007 Rail White Paper, from Richard Murphy of the Tax Justice Network indicating that some of the large private transport companies were “sitting with £1.3 billion of unpaid tax on its balance sheet: tax that might never be paid but which is being used to provide one third of the funding required to keep this sector going.” As a matter of priority, Government should close corporate tax loop-holes, collect unpaid tax and use the money raised to invest in public transport.

5. Clearly, the Department for Transport (DFT), as one of the key spending departments, will be under pressure from the Treasury to justify both their current spending commitments and plans for further enhancements to the railway infrastructure. RMT is firmly of the view that to retreat from plans to enhance the network through large scale projects, such as electrification and/or a new high speed rail link would be fundamentally mistaken. Without significant levels of fiscal stimulus to create jobs and introduce money into the economy there is a real danger of a prolonged recession or stagnation, situations that could take many years from which to recover.

6. Regrettably, the axe has already fallen on one new scheme. The Scottish National Party led Scottish Government has chosen to scrap the Glasgow Airport Rail Link. The decision, opposed by RMT and our sister rail unions, has been widely condemned across the political spectrum including by the leader of Glasgow City Council, threatens up to 1,300 jobs. Not to proceed with the scheme is mistaken, threatens employment prospects and denies users of the airport a sustainable transport option.

INVESTMENT PRIORITIES

7. RMT warmly welcomed the July 2009 Department for Transport decision to proceed with the electrification of the Great Western Main Line and with routes around Manchester and Liverpool. Electrification plans are well overdue and represent precisely the kind of essential investment we believe the railway infrastructure needs. We are also content that within the electrification announcement was a commitment to press ahead with Crossrail. Concerns had been expressed about whether any future Conservative administration would continue with the scheme, an outcome made less likely by the work that has now commenced on the project.
8. On electrification RMT trusts that the work to upgrade the infrastructure will begin as per 15 July DfT statement and pave the way for further electrification upgrades, such as work on the Midland Main Line—at the earliest possible time. We do however regret that the new DfT has awarded the contract for the new SuperExpress stock to operate on the Great Western (and the East Coast Main Line) to Agility Trains who will manufacture the trains outside of the UK.

9. Of course, investment priorities in the West of England (or anywhere else on the UK network for that matter) are not simply about grand projects. RMT has repeatedly called for funding to be made available for the redoubling of the important Swindon-Kemble route and the creation of an Integrated Transport Authority in the South West of England to plan and co-ordinate investment into easing pinch points on the network and integrating rail more fully with local and regional bus services.

10. Lord Adonis’ support for a domestic high speed rail link is also very good news and press reports indicate the Prime Minister is to set to give his support to a dedicated high speed line at the 2009 Labour Party Conference. This would be an extremely welcome departure from the view expressed in the 2007 Rail White Paper which talked in terms of “parking” decisions on the high speed link. At that time and during your committee’s inquiry into the White Paper, RMT maintained that the position was overcautious and was pleased to see that the rail industry almost unanimously shared the same concern.

11. For the next two Control Periods, RMT would hope to see significant investment in the development of a new high-speed line as a pre-cursor to a British wide high-speed network. Such a move would create thousands of jobs across the network and give real credibility to Government talk about a sustainable transport future. Whilst there will always be a place in the transport mix for aviation, people for example will rightly want to fly to see family in the Caribbean and/or the Indian sub-continent for example, it is increasingly apparent that in order to meet statutory carbon reduction targets set out in the Climate Change Bill there has to be a radical reduction in the number of domestic and short-haul flights. Self evidently a high speed route would clear also capacity on the West Coast Main Line for regional and local services and an expansion in rail freight traffic.

12. In March 2008, engineering consultants WS Atkins reported that high-speed routes would cost £31 billion to construct and deliver over £60 billion in benefits to the UK economy over a 60 year period. To help fund construction of the line Government should investigate innovative solutions for example considering the use of land value taxes or contributions from business rates similar to those being used to fund the Crossrail project.

13. For wider economic benefits, RMT endorses remarks made by the Greengauge 21 partnership that a high speed rail link is not simply just another rail line “but a means to support the development of the British economy in the decades ahead in a way that meets the wider sustainability challenge”.

14. In August 2007, the Northern Way explained that the economic benefits of a high-speed link are substantial; they noted that “Research for the SRA in 2002–03 for example identified total benefits of a new high speed network linking London to the North West and North East and Scotland of £89.9 billion giving a benefit ratio of over 2:1. The benefits comprised £20.6 billion in additional revenue, £64.4 billion in non-financial benefits (welfare gains by users and non-users) and £4.8 billion in benefits from freeing up capacity on the existing network”.

15. However, vital as a high speed line is in the fight against climate change and the renaissance of the rail industry, RMT’s view is that simply to rely on “grand projects” runs the risk of repeating some of the mistakes made on the French railway network in recent decades. The TGV network is rightly lauded across the world. However, investment in regional networks has often suffered, the result being inadequate local service provision and old rolling stock. Additionally, the track on the traditional routes has often been subjected to “maintenance holidays” resulting in widespread not-so-temporary speed restrictions; a further disincentive for people to make use of the local and regional services.

16. In a series of submissions RMT has supported small scale initiatives to create additional capacity thereby improving the passenger experience. An example from our contribution to the Wales Route Utilisation Strategy illustrates the point;

“Class 175 Coradias, with a maximum speed of 100mph, operate on the North Wales Coast Line (NWCL). However, some sections of the NWCL have line speeds of only 60mph. In order to get optimum value out of the 175s, reduce journey times and make services an attractive alternative to the car, RMT supports work being carried out to increase line speed on the whole of NWCL to at least 90mph. A March 2007 report into the Chester—Wrexham-Shrewsbury Line, published by Scott Wilson consultants, found that increased line speeds on the NWCL would also have beneficial knock-on effects for the Holyhead-Cardiff service”.

17. RMT is broadly content that railway funding is set over a five year period for passenger services and the operation, maintenance, renewal and enhancement of the railway infrastructure. The five year time frame is preferable to spending departments having to present themselves once a year to the “Star Chamber” which all too often led to stop—start, feast and famine funding arrangements. However, we would want to see for the future more formal, structured arrangements within which the railway trades unions can take their place alongside transport campaigners, democratically elected devolved institutions and passenger
organisations in presenting their proposals and aspirations for subsequent High Level Output Specification. RMT trusts that the new body announced in the 2009 Green Paper; Building Britain’s Future will also seek proposals and suggestions from the rail trade unions.

NETWORK RAIL FUNDING

18. Welcome as announcements are on electrification and high speed rail, they stand uneasily with obligations on Network Rail in the Office of Rail Regulation’s (ORR) determination of Control Period 4 spending to make efficiency savings of more than 20%.

19. In a September 2008 letter to the ORR, we raised serious concerns about the possible consequences of the drive for ever more efficiency savings:

“RMT is therefore extremely concerned at Control Period 4 efficiency measures identified as under consideration by Network Rail in the February 2008 Ernst & Young report; Assessing the Efficiency Component of Network Rail’s Strategic Business Plan.

In order to reduce costs, the measures that Network Rail is considering include reviewing the inspection and maintenance frequencies of assets, using maintenance staff to do renewals work and embedding train borne inspections in order to reduce the frequency of pedestrian inspection levels. The Company has not reached agreement with RMT, or indeed other trades unions, on any of these issues which will include TUPE, re-skilling and re-training, thereby confirming our view that the proposals are fraught with difficulty and therefore extremely difficult to deliver safely and efficiently”.

20. Some of our worst fears have been borne out with over 200 miles of rail renewals being delayed and Network Rail threatening to make redundant around 2,500 directly employed staff and contractors. RMT will oppose, with industrial action if necessary, compulsory redundancies at Network Rail. However, the depth of the proposed cuts strengthens our view that trade unions should be much more extensively consulted with when Control Period funding decisions are being made.

FREIGHT

21. Alongside our sister rail unions, the freight operators, Network Rail and the Campaign for Better Transport, RMT is a member of the Freight on Rail (FoR) partnership. RMT welcomed the commitment to freight demonstrated by the establishment of the Strategic Freight Network (SFN) in the 2007 White Paper and has further welcomed gauge enhancements paid for by the Transport Innovation Fund. However, the £200 million set aside for the SFN is very modest and much needs to be done to encourage modal shift from road to rail. We would urge that work on a number of schemes begins as a matter of some urgency including Gospel Oak to Barking, upgrades between Southampton and the West Midlands and capacity and line speed improvements around Buxton that would aid freight movements.

SKILLS

22. Electrification, high speed lines and more modest enhancements to the rail infrastructure will all require a skilled workforce. Thousands of jobs, both in construction and operations, will be created should these schemes go ahead. These jobs will be important in tackling the scourge of unemployment and could also provide opportunities for workers who have to transfer their skills from less sustainable forms of transport, such as aviation and long distance road-haulage, as transport priorities are re-organised along more sustainable lines.

23. The Committee will know that RMT has expressed disappointment that contracts to build new rolling stock have been awarded to companies without a manufacturing base in Britain. We are therefore of the view that these mistakes should not repeated for the future. Therefore, what is required is a Government funded railway skills agency in order to ensure that the industry has a skilled work-force equipped to deliver the projects that sustained investment requires.

October 2009

Memorandum from Network Rail (PIR 20)

EXECUTIVE SUMMARY

— As an affordable, sustainable, mass transit mode of transport, the railway provides substantial benefits to Britain’s economy, environment and society;

— Network Rail has an investment programme of £35 billion in the period between 2009 and 2014 which will significantly increase capacity on some of the most crowded parts of the network;

— Despite the current economic downturn, passenger and freight demand will carry on growing. Existing commuter and long distance routes will fill up, and it will not be possible to accommodate further growth;
— Government therefore needs to continue to invest in the longer term to grow the railway through new lines and the existing capacity this frees up;
— This is why Network Rail is working with the rest of the industry to set out a vision for rail and planning for the long term according to various long distance forecasts and growth scenarios;
— Given the long term need to grow the network, we urge the select committee to promote continued high levels of investment in rail and support modal shift from less sustainable forms of transport. As recent Network Rail studies on new lines and electrification show, expenditure on rail more than pays for itself over the long term.

INTRODUCTION

1. The railway supports and encourages increased economic activity in communities across the country by connecting businesses, markets and consumers; it provides a more environmentally sustainable means of transporting people and goods and connecting places, which helps to reduce congestion on our roads; and it promotes social mobility by providing affordable, accessible travel. As a result, investment in the railway can and does bring clear economic, environmental and social benefits to Britain.

2. The railway is currently a success. Passenger numbers are at levels not seen before, with more trains—up to 24,500 a day—on the network than at any time; these passengers are increasingly satisfied with their journey; trains are at their most punctual since records began almost two decades ago; and the railway is unquestionably the safest form of transport.

3. The successes on the railway in the last few years have resulted from a number of factors. These include the hard work and dedication of people across the industry, but also the growing consensus of support for investment in the railway, backed up by funding.

4. Over the five years from April 2009 to March 2014 (known as control period 4, or CP4), Network Rail will be investing £35 billion to increase the capacity of the railway and deliver better journeys for passengers. Of this figure, more than £11 billion is being spent specifically on increasing capacity.

5. The current economic climate will have some effect on demand in the short term, but the underlying drivers behind the 40% growth in demand over the last decade will remain in the longer term—a growing economy, rising wealth and international trade, urbanisation and development of the city-regions, climate change, road congestion and faster, more frequent, higher quality train services.

6. All of these factors will attract more passengers, and it is perfectly possible that passenger numbers could double over the next 30 years and even triple in the longer term. As a result many commuter and long distance routes will be at capacity and will not be able to run more trains on these routes to accommodate further growth. As well as increasing capacity on the current network it will also be necessary to grow the network through new lines and the extra capacity this frees up on the existing network.

7. As part of its Network Route Utilisation Strategy on the issues affecting the network as a whole, Network Rail has published a document examining various growth scenarios and long-distance forecasts. This will allow effective planning and facilitate efficient short-to-medium-term investment decisions as well as long term planning.

8. It is therefore vital that government continues to invest in the railway to address this ongoing growth in passenger numbers and demand to move goods by rail. Railway projects require significant levels of upfront funding but, for example, as recent Network Rail reports on new lines and electrification show, these investments more than pay for themselves in the longer term.

9. Led by Network Rail, the Association of Train Operating Companies (ATOC) and the Rail Freight Operators’ Association (RFOA), the industry has also begun to set out a vision to guide the development of the railway over the decades to come to provide solutions to the challenge of increasing demand (“Planning Ahead: Control Period 5 and beyond”, published in May 2009). This looks at such options as new high speed lines, electrification, station development, rolling stock, new technology and better integration with other transport modes.

10. Network Rail itself recently published a study setting out options for a new high speed line. This set out a recommendation for a new high speed line connecting London with Birmingham, Manchester, Liverpool, Glasgow and Edinburgh as well as the substantial economic, environmental and social benefits of doing so. A new line would generate revenue and benefits worth almost £55 billion, paying for itself 1.8 times over.

11. Given the clear economic, environmental and social benefits of rail highlighted by the documents such as the new lines study, we urge the select committee and Infrastructure UK, the Government’s new advisory body, will promote continued high levels of investment in rail to support modal shift from less sustainable forms of transport.
PRIORITISING INVESTMENT IN RAIL

How should main objectives for investment in the railways be determined?

12. Funding and planning for the railway is currently undertaken in five year periods, known as control periods, with all aspects of Network Rail’s plans for that period reviewed by the Office of Rail Regulation.

13. However, rail is inherently a long-term industry, and alongside the investment being delivered in the next five years, it is essential that the industry looks well beyond 2014. It is inefficient to plan for the future in isolated five year periods. This was not such an issue in CP4, as the key initiatives were relatively clear. Looking forward, however, tackling immediate problems by short-term incremental solutions only makes proper sense if done within a clear, longer-term context.

14. Work has already begun at both the Department for Transport and Transport Scotland to plan for control period 5 (CP5: 2014–19). It is therefore essential for the rail industry—Network Rail, passenger and freight operators—to work together to plan for CP5 and beyond. This work is not intended to develop 30 years’ worth of firm commitments to specific projects. Instead, it means the industry as a whole developing a collective vision for the future of the railway, and understanding where we expect and want to be in 30 years. This is the way to help us make the right decisions now on investment in future control periods.

15. Network Rail is also coordinating a Route Utilisation Strategy (RUS) process to address issues that affect the network as a whole (the majority of RUSs focus on geographically specific parts of the network, such as the Great Western Main Line). The issues covered by the Network RUS include electrification, long distance services, stations, rolling stock and depots. These documents look at these issues over 30 years.

16. On freight, a cross industry group is also taking a long term view of freight on the railway and the development of the Strategic Freight Network.

17. However, clear guidance from government is also essential to guide the planning process depending on how much emphasis it wants to place on sustainable development and prosperity.

18. Certainly DfT policy, as set out in the Delivering a Sustainable Transport Strategy, Low Carbon Transport strategy and the New Approach to Transport Appraisal as well as the Government’s commitment to cut carbon emissions by 80% by 2050, suggests that sustainable development is a key priority for government and rail has an important part to play in delivering it, which Network Rail very much welcomes.

19. Indeed, we believe it can only be delivered if government actively favours rail over other modes of transport. Rail has advantages over air and road which new technology will not overcome. Trains emit less carbon per passenger mile than road or air and this will improve with further electrification of the network and the introduction of new trains. Rail also has the advantage of its dedicated network which allows quick, high-volume commuting over short and long-distances without the congestion of the roads.

20. Therefore, instead of pricing passengers off the railway, government should be looking at pricing people onto trains in the medium–term. This will require a radical re-think of budgeting and capacity planning, but will deliver major benefits for the general public, passengers, the UK economy and environment. We very much hope that the committee and the government’s new infrastructure advisory body will also actively support modal shift to rail.

In the medium to long term, what should be the main objectives for investment in the railways, in order to improve both freight and passenger services?

21. In “Planning Ahead: Control Period 5 and beyond”, Network Rail, ATOC and RFOA set out a vision of the railway that:

— continues to be the safest form of transport;
— is designed to meet the needs and expectations of passengers and freight customers;
— provides simple, flexible and competitively priced services;
— is seamlessly integrated with the rest of the transport system, allowing rail to complement and compete with other modes;
— continuously improves in giving value for money to those who use it, and to taxpayers; and
— brings clear benefits to the environment, economy and society of Britain as a whole.

22. This vision needs to be supported by a framework that:

— sets out broadly what the railway should aim to deliver over the next decades in areas such as increased capacity, better punctuality and the overall quality of service, based on a sound understanding of rail users’ needs; and
— how it should be delivered, in terms of improvements to the network, rolling stock, stations and integration with other modes.

23. We believe that the vision and framework provide a good basis to guide future investment in the railway.
What is the impact of rail enhancements on the economy?

24. Better passenger services both improve the productivity of the economy and the development of urban areas by offering faster, more productive business travel as well as affordable mass transit connecting cities for commuters and leisure travellers.

25. Industrial competitiveness is improved through better freight connections. This also serves to reduce congestion on roads and at airports, saving time lost in traffic jams, holding patterns in the air or on runways.

26. As a more environmentally friendly mode of transport (the average carbon dioxide emissions for a passenger rail journey is about half that of an equivalent car journey and about one-quarter of an equivalent journey by air), improved rail links also reduce the cost of mitigating climate change by reducing the need for road and air travel.

27. Various studies by Network Rail and others have highlighted the considerable direct and wider economic, environmental and social benefits that improved rail connections bring.

28. For example, Network Rail’s recently published new lines study found that a new high speed line connecting London with Birmingham, Manchester, Liverpool and Scotland’s two biggest cities would generate £55 billion of revenue and benefits and pay for itself 1.8 times over the course of 60 years. A new high speed rail line would also free up capacity on the existing network.

29. As well as looking at the economic benefits that high speed rail can bring to this country, the new lines study also examined some of the direct environmental and social benefits a new high speed line would bring and the experience of other countries that have invested in high speed networks. For example, experience across Europe has shown how high speed rail generates large revenue streams, takes significant traffic off roads and can almost eradicate domestic air travel.

30. Network Rail is also aware of a range of recent studies highlighting the economic benefits and monetary value of improved rail links.

How should long-term development of major new infrastructure, such as high speed lines, be balanced against short and medium term investment to improve capacity and passenger experiences?

31. Short and medium term investment to improve the capacity of the existing network must continue alongside any longer term planning and funding commitments to new lines, including high speed routes.

32. Indeed, the two are inextricably linked since a major benefit of new lines, and a major contributor to the business case for building new lines, would be the existing passenger and freight capacity they open on the existing network. Therefore, spending on enhancing the current network can only be undertaken with longer term investment commitments to expand the network in mind. With the changing economic climate putting the public finances under even greater pressure than before it is more important than ever to balance the short term view of the railway against the longer term to ensure the money available is spent effectively and efficiently.

33. As an example of the benefits of joint short and long term planning and spending commitments, Network Rail’s new lines study looked at the enormous benefits to passengers on the existing West Coast Main Line from a new high speed line linking Birmingham, Manchester, Liverpool and Scotland. The West Coast benefits include a complete recast of the timetable enabling more services between major towns on the route and more direct, faster services to London; new, faster journeys from London to large regional centres, such as Milton Keynes, Nuneaton and Northampton; reductions in overcrowding; new markets developed not presently served with direct services to London and new capacity for freight.

Is enough consideration given to the integration of rail with other transport modes, and with demographic developments, such as new housing developments, when rail investment decisions are made?

34. Network Rail has called for transport to be integrated in a more active, systematic way at a local and strategic level with housing, business and leisure planning. New developments should be situated where there are strong transport links that have spare capacity.

35. Network Rail welcomes the integrated approach proposed by the London Mayor through his London Plan, and hopes this approach will be applied as the plan is implemented. In addition, it is to be hoped that transport planning will be central to the future development of regional spatial strategies and local development frameworks and advice from government, through Planning Policy Guidance.

36. We also hope that planners in all areas and at all levels will consult Network Rail’s Route Utilisation Strategies (RUSs) when considering new developments and public transport provision to support them. RUSs seek to make the best use of existing rail capacity and identify where and when additional capacity is required. Twenty six Route Plans and nineteen RUSs are produced for all routes across the network.

37. They set out current capacity, passenger and freight demand, operational performance and cost and projections going forward to address the future requirements of rail users, funders and key stakeholders. The RUSs then inform the development and delivery of timetables, infrastructure maintenance and renewals for the network.
Is enough consideration being given to the views of passengers in making investment decisions on the railways?

38. Passengers are at the centre of our vision for the railway. Their expectations are simple—a safe, punctual and clean train, a seat (except for short journeys), an affordable price and good information. Network Rail, both through its short term investment and long term plans, is committed to delivering for passengers.

39. Passenger Focus surveys show passenger satisfaction at record levels. However, Network Rail is committed to driving up satisfaction levels further still. As an example of this commitment, Network Rail’s Management Incentive Plan, on which bonus payments are based, now includes a passenger satisfaction measure.

40. In the long term, Network Rail and the industry’s plans include delivering further journey time improvements, particularly on medium and long distance journeys; much higher comfort levels, including reduced crowding and better travelling conditions in the peak; higher frequency services; making it easier to buy a ticket, change trains and get to and from stations whilst providing accurate, readily available information; and a railway that is fully accessible to all its customers.

41. Furthermore, the rail industry’s emerging overarching vision around the themes of safety, capacity, train performance, availability, quality of service, carbon impact and cost efficiency is very much centred around the needs of passengers.

42. It is also important to balance the needs of passengers today with the needs of those tomorrow. Building on close collaboration over the development of Route Utilisation Strategies, Network Rail will also need to work closely with Passenger Focus to get their input into the industry’s long term planning and the vision that underpins it.

43. This is why Network Rail is working with the rest of the industry to set out a vision for rail and planning for the long term according to various long distance forecasts and growth scenarios.

What should be the key priorities for the next High Level Output Statement?

44. By June 2010, we will publish our initial view of CP5 along with a long term planning framework for rail. Our CP5 options will be developed into a draft Strategic Business Plan by June 2011 and then a more detailed plan following the publication of the HLOS in 2012.

THE CURRENT RAIL INVESTMENT PRIORITIES AND THE IMPACT OF THE RECESSION

In light of the current economic crisis is it still important that projects designed to increase capacity continue on the present timescale?

Is the current investment programme sufficient for the needs of the UK economy and for passengers themselves?

45. Over the next five year control period, Network Rail is investing more than £11 billion in enhancements across the country to increase capacity, particularly by lengthening platforms to accommodate longer trains and by running additional services. This investment will deliver significant increased capacity and performance to passengers and freight users on some of the most crowded parts of the network. Although it is always possible to invest more the level of investment in the next five years is both appropriate to deal with key capacity issues and unprecedented in its scale.

46. It is vital that these planned railway enhancements and new transport infrastructure projects continue as planned as they address current issues of capacity. In addition, the drivers behind past rail growth can be expected to continue in the future, despite the current economic climate.

47. Furthermore, a continued trend towards urbanisation, the further development of the country’s cities and regions, climate change, and road congestion and faster, more frequent and higher quality train services will all continue to increase demand for rail from passengers and freight in the future. Growth of 30% in passenger numbers is anticipated over the next ten years nationally.

48. Indeed, as a result many commuter and long distance routes will be at capacity and will not be able to accommodate further growth in the longer term without further investment to grow the railway. On such lines it may not be value for money or even feasible to accommodate further growth by running more trains. There will also be considerable pressure on the lines from London to the North and West, particularly where long distance services share the network with other services.

49. As well as increasing capacity on the current network now it is also necessary to plan now for more radical, longer-term options such as new lines or the use of capacity freed up by new lines in the longer term.

50. It is vital for government to continue to invest in the railway to address this ongoing growth in passenger numbers and demand to move goods by rail.

51. Rail is a long term industry with asset lives of 30 to 60 years or longer and a long lead in time needed for planning purposes. It will be inefficient to plan for the future in isolated five year periods and a longer term context is also needed alongside the five year planning cycle.

52. Longer term planning and investment will also allow for the introduction of new technology and a whole-life, whole-system approach to underpin both the future expansion of the railway and the effective renewal of the existing network.
53. It is important for continued upfront investment to be provided for such an approach which will reduce costs across the industry in the longer term. For example, the further electrification of the network will reduce rolling stock operating costs.

54. In the current economic climate with public finances coming under pressure, long term planning is even more necessary to ensure that investment decisions are made efficiently according to a long term strategy and vision for the railway.

55. This is why Network Rail is looking at developing a 30 year vision of the railway in partnership with the rest of the industry. This framework will enable the value investments to be considered in the context of where we expect and want to be in 30 years. This will also give certainty to our supply chain, encouraging it to increase capacity and reduce costs, and transport planners.

56. While railway projects require significant levels of upfront funding, as recent Network Rail reports on new lines and electrification show, these investments more than pay for themselves in the longer term and bring substantial economic, environmental and social benefits.

57. However, it is recognised that the case for further investment in rail services will be judged partly on the strength of delivery against the industry’s existing commitments and on the strength of our focus on longer term cost reduction.

October 2009

Supplementary memorandum from Network Rail (PIR 20a)

At the recent Transport Select Committee session you asked me a specific question about a reduction in the number of welders in the Liverpool area. I agreed to write and clarify the current position.

At present, we have 40 welders in our Crewe Delivery Unit, which is the team that covers Liverpool. The current rostering arrangements (driven by the terms and conditions) require welders to work around one week in three on nights and eight weekends in thirteen. Given that the railway is here to provide a service to a growing number of people, increasingly work can only be done at weekends and nights. So, with the current arrangements, it is not uncommon for welders to be in depots, being paid, but unable to undertake meaningful work, as they are unable to gain access to the railway. If we change (through negotiation) the terms and conditions, including rostering arrangements, we will be able to do the work with around 20 welders.

This type of situation is replicated throughout the company, whereby, we pay people to be available during the day, but are increasingly only able to do work at night. The current terms and conditions need to reflect the work practices we have to adopt to deliver a better service to customers and passengers. We know this will require change, but we are prepared to negotiate to bring this about.

November 2009

Supplementary memorandum from Network Rail (PIR 20b)

| CP4 CONTROLLABLE OPERATING AND MAINTENANCE EXPENDITURE |
|--------------------------------------------------------|----------|----------|----------|----------|----------|----------------|
| Operations               | 391     | 370     | 354     | 338     | 321     | 1,773       |
| Support                  | 586     | 554     | 525     | 497     | 562     | 2,624       |
| Total controllable operating expenditure             | 976     | 924     | 878     | 835     | 783     | 4,397       |
| Maintenance              | 1,099   | 1,010   | 1,010   | 946     | 845     | 4,794       |
| Total                    | 2,075   | 1,934   | 1,824   | 1,729   | 1,629   | 9,191       |

| CP4 RENEWALS EXPENDITURE BY ASSET |
|-----------------------------------|----------|----------|----------|----------|----------|----------|
| Track                    | 705     | 721     | 685     | 675     | 640     | 3,425     |
| Signalling               | 445     | 452     | 398     | 425     | 446     | 2,167     |
| Civils                   | 375     | 384     | 341     | 321     | 299     | 1,719     |
| Operational property     | 274     | 273     | 259     | 231     | 170     | 1,207     |
| Electrification          | 120     | 151     | 134     | 109     | 99      | 614       |
| Telecoms                 | 326     | 320     | 156     | 86      | 74      | 963       |
| Plant and Machinery      | 141     | 87      | 55      | 56      | 54      | 393       |
| IT and other             | 299     | 124     | 149     | 107     | 100     | 780       |
| Expenditure deferred from 2008–09 | 211     | 0       | 0       | 0       | 0       | 211       |
| Total                    | 2,896   | 2,515   | 2,177   | 2,011   | 1,883   | 11,478    |
CP4 ENHANCEMENTS EXPENDITURE

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>PR08 (England and Scotland)</td>
<td>1,155</td>
<td>1,433</td>
<td>1,846</td>
<td>1,653</td>
<td>1,525</td>
<td>7,612</td>
</tr>
<tr>
<td>PR08 (Scotland)</td>
<td>214</td>
<td>114</td>
<td>53</td>
<td>20</td>
<td>8</td>
<td>410</td>
</tr>
<tr>
<td>Total PR08</td>
<td>1,370</td>
<td>1,547</td>
<td>1,899</td>
<td>1,674</td>
<td>1,532</td>
<td>8,022</td>
</tr>
<tr>
<td>Non-PR08</td>
<td>563</td>
<td>696</td>
<td>777</td>
<td>820</td>
<td>819</td>
<td>3,676</td>
</tr>
<tr>
<td>Total</td>
<td>1,933</td>
<td>2,243</td>
<td>2,677</td>
<td>2,494</td>
<td>2,351</td>
<td>11,698</td>
</tr>
</tbody>
</table>

EXPENDITURE ON SOME SPECIFIC PROJECTS

<table>
<thead>
<tr>
<th>Project</th>
<th>CP4 spending</th>
<th>Total spending</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thameslink</td>
<td>2.7 billion</td>
<td>£3.5 (total programme cost £5.5 billion)</td>
</tr>
<tr>
<td>Crossrail</td>
<td>Not Funded through periodic review</td>
<td>£2.3 billion</td>
</tr>
<tr>
<td>Reading</td>
<td>£536.5 million</td>
<td>£850 million</td>
</tr>
<tr>
<td>Birmingham New Street Gateway project</td>
<td>£600 million (Network Rail contribution £128m)</td>
<td>£600 million</td>
</tr>
</tbody>
</table>

NETWORK RAIL REVENUE REQUIREMENT—GOVERNMENT DIRECT GRANT (FIGURE FOR ENGLAND AND WALES IN BRACKETS), FIXED TRACK ACCESS CHARGES* AND TOTAL INCOME IN CP4

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Single till income</td>
<td>284</td>
<td>293</td>
<td>320</td>
<td>352</td>
<td>365</td>
<td>1,613</td>
</tr>
<tr>
<td>Access charges</td>
<td>1,630</td>
<td>1,587</td>
<td>1,597</td>
<td>1,788</td>
<td>2,101</td>
<td>8,702</td>
</tr>
<tr>
<td>Network Grant</td>
<td>3,759</td>
<td>3,646</td>
<td>3,641</td>
<td>3,459</td>
<td>3,154</td>
<td>17,659</td>
</tr>
<tr>
<td>Other</td>
<td>(3,366)</td>
<td>(3,264)</td>
<td>(3,270)</td>
<td>(3,209)</td>
<td>(2,944)</td>
<td>(16,053)</td>
</tr>
<tr>
<td>Total income</td>
<td>5,683</td>
<td>5,513</td>
<td>5,544</td>
<td>5,586</td>
<td>5,607</td>
<td>27,933</td>
</tr>
</tbody>
</table>

*Access charges—this is made up of both income from the fare box and Government subsidy (it is not possible to disaggregate this figure)

Memorandum from Greater Manchester Integrated Transport Authority (PIR 21)

INTRODUCTION

1. The Greater Manchester Integrated Transport Authority is responsible for setting local transport policy and for deciding how funds are spent on supporting and improving Greater Manchester’s public transport system. This includes supporting the provision of rail services and capital investment in rail infrastructure.

2. The Authority is pleased that the Committee has chosen to investigate the priorities for rail investment; this is both timely given the extreme demands on public finance, and prescient, especially for the rail network in the north of England, given the recent rate of growth and the relative underinvestment in comparison to elsewhere in the country.

EXECUTIVE SUMMARY

3. Rail usage in Greater Manchester has grown by over 75% in ten years, more than twice the rate of growth seen in London. However, the network has not been adequately invested in, which has led to journeys being overly long, inadequate linkages between economic centres, and over-crowding, especially at peak times.

4. The structure of the rail network in the north makes it an expensive, but none the less economically and socially essential service, as well as, as the Northern Review demonstrated, being run as efficiently as possible. Thus if the network is ever to be made more cost effective, the Government should prioritise a series of interventions which would bring down the long term cost of operating the railway.

5. This means in large part addressing some of the infrastructure constraints on the Manchester Hub, which links large parts of the north’s rail network, and is key for commuter, inter-regional, long distance and freight travel. Northern Way have estimated that relieving the constraints on the Hub will lead to £16 billion of benefits to the economy. Network Rail is currently carrying out a study to identify the programme of work necessary to realise those benefits.
6. The Authority believes that electrification of large parts of the network will be central to this programme. Electrification would reduce the maintenance costs of the railway as well as reducing the north’s reliance on diesel units, which are currently more expensive due to their age, the mixed nature of the fleet, and uncertainly over the long-term future of diesel units on the UK rail network.

7. Tram-train technology would also relieve pressure on rail paths by allowing vehicles to transfer to city centre tram network, whilst at the same time being more attractive for passengers whose ultimate destination is in the city centre.

8. A focus on improving line speeds would allow trains to be used more intensively which would reduce the number of vehicles needed and therefore improve Value for Money calculations.

9. As part of the discussions with Government around the granting of statutory city-region status, Greater Manchester should have additional influence over specifying rail services, particularly in anticipation of the franchise replacement process for the Northern, Transpennine and West Coast franchises.

10. The Department should also revise its appraisal methodology and forecasting assumptions so that local services do not lose out at the expense of longer distance services, and that the basis for DfT decisions is more robust.

11. The Authority also believes that the development of a high speed rail network would have significant economic and regeneration benefits, and that it would release valuable capacity on the conventional rail network to be used for local services and for freight.

RAIL GROWTH IN GREATER MANCHESTER

12. Rail patronage has increased massively over the past 15 years, and has been particularly acute in the north of England. According to the 2007 White Paper, “Delivering a Sustainable Railway” between 1995–96 and 2004–05, rail passenger journeys in Manchester increased by over 75%, compared to just 32% in London. Since it won the franchise in 2004, Northern Rail, the region’s main commuter operator, has seen its patronage grow from 67.7 million to 85.3 million in 2008–09, despite being let as a zero-growth franchise by the DfT.

13. Despite this growth, the rail network in the north suffers from chronic underinvestment; over the past five years Northern Rail has received a net increase of around 30 second-hand carriages compared to 580 new carriages that have been received for commuter operators serving London and the south east. In addition the DfT announced in January 2008 that Northern Rail would receive 182 additional vehicles (from a UK total of 1,300) as part of the HLOS process; this number has steadily been revised down; to date no orders for additional carriages have been made, and the Department has indicated we can expect at best, not more than half of what we were originally promised. The Government has confirmed its intention to continue with the procurement of 1,300 vehicles, meaning those initially allocated to the north of England will be deployed elsewhere. This is particularly concerning as the conurbation is currently progressing with the implementation of the Greater Manchester Transport Fund, a £1.5 billion package of public transport schemes paid for by local and sub-regional funding streams. Rail investment was not included in the GMTF package as we had expected the DfT to deliver on its HLOS commitments.

14. Separate from the issue of rolling stock, the local rail infrastructure is being used close to (and in some cases above) theoretical capacity, the third train per hour to London on the West Coast Main Line used up the last remaining capacity in the conurbation, and due to the historic underinvestment in the network it is now not possible to provide additional services to cater for increasing passenger numbers from Greater Manchester’s Travel To Work Area, the size of which has increased by over 15% since 1990.

15. The Northern Review, carried out by the Government in 2006, concluded that despite the high costs the rail network in the north of England is being operated as efficiently as possible and represents good value for money, but is expensive per passenger trip. Given this, there appears to be three potential future scenarios; i) the Government refuses to invest adequately in the rail network in the north for affordability reasons, ii) it continues to invest in what it recognises is an efficiently run but expensive network, or iii) it identifies ways of reducing the long term costs of the railway such that future investment becomes increasingly cost efficient.

16. The Authority believe that scenario i) is unacceptable for a wide range of political, economic and social reasons, that ii) does not represent the best option for the public finances, and that iii) is the only option which is in the long term benefit both of Greater Manchester, the region, and the country as a whole. The Authority acknowledges that the rail network in the north of England is inherently more expensive to run that that in the south due to a range of factors—including the generally lower line speeds and reliance on diesel vehicles; the shorter commuting distances and narrower rush-hour peak times. The Authority therefore believes that investment should be prioritised on those measures which lead to an increase in productivity and bring down the cost of operating the railway in the future, and which will, in turn, lead to strengthened Value for Money (VfM) calculations for other capital investments, including that of rolling stock.
Manchester Hub

17. The Manchester Hub is the confluence of 11 different radial rail corridors at Manchester’s two principal stations, Piccadilly and Victoria and the mix of passenger and freight services that operate over that network. These services link the whole of the North of England as well as the Midlands, Scotland and London.

18. The Hub acts as a main artery for a range of services, including the West Coast Main Line, the Cross Country network, the Trans-pennine franchise which connects the key city-regions of the north on both sides of the Pennines, Manchester’s extensive rail commuter network and key freight traffic from Liverpool, Teesport and the Humber Ports looking to access the Trafford Park Industrial Estate and other freight terminals. A major and growing destination on the Hub is Manchester Airport, the largest airport outside London and the region’s only intercontinental gateway. The importance of the Manchester rail network to the region, the conflicting demands placed on it by the different types of rail service, and the age and limited capacity of much of the infrastructure (including the line, signals and junctions) has created a major bottleneck which is now impeding the future growth of the economy of the north of England. So much so that the Northern Way has described the Manchester Hub as “the largest and most fundamental bottleneck on the North’s rail network” and that the “rail network’s contribution to productivity growth across the North will always be limited until the problem of the Manchester Rail Hub is resolved”.

19. In October 2007 the Government announced a study into the Manchester Hub, the first phase of which was completed by the Northern Way in April. This study identified those things that the rail network must be capable of achieving in order to support the growth of the northern economy. It concluded that relieving the constraints of the Manchester Hub would be worth up to £16bn to the national economy.

20. Network Rail is currently carrying out the second phase of a study that will identify those infrastructure improvements that will allow the network to reach its full potential. That study will be published in January 2010.

21. The Authority is keen to see the electrification of large parts of the northern network. We were extremely pleased to hear of the Government’s announcement of the electrification of the Liverpool–Manchester line, enabling electrified services to both Liverpool and Scotland, and hope that this will be followed up with a more comprehensive strategy, including the electrification of lines to Leeds and York, as well as to Bolton, Preston and Blackpool. Uncertainty about the Government’s long term electrification strategy is leading to reluctance on the part of ROSCOs to procure additional diesel vehicles and the artificial inflation of diesel train lease costs. This is a particular problem around Manchester due to the regions reliance on diesel units. Electric vehicles are at least 20% cheaper to procure and 35% cheaper per mile to operate than their diesel equivalents. Therefore the implementation of a widespread electrification strategy will lead to a significant reduction in the future costs of operating the railway in Greater Manchester, and the north generally.

22. On the back of an electrification strategy the Authority believes there is a need for a comprehensive rolling stock strategy which would see the introduction of a significant number of additional electric units into the north of England, which in addition to their reduced maintenance costs can also provide additional capacity for passengers and improved reliability.

23. The Authority is also keen to explore the potential of tram train technology and to understand the role it can play in both reducing costs and providing an integrated transport network. The technology, which is well used in mainland Europe, uses specially designed lightweight vehicles that are capable of operating on both the heavy—and light-rail networks. By leaving the heavy-rail network it approaches its city centre destinations, tram-trains can relieve the pressure for rail paths, which can then be used for other services. The use of the tram network, which is capable of following the contours on the modern city, mean that passengers are able to travel much more closely to their ultimate destination, increasing the attractiveness of public transport and driving patronage. The tram-train’s lightweight design means reduced maintenance liability on the rail network and therefore reduced track access charges, thus reducing the cost of operating the network. Clearly, so long as the rail network is predominantly un-electrified it will be necessary to use hybrid (diesel/electric) tram trains, but it will be possible to move over to electric tram-trains when electrification has become more widespread.

24. Other interventions the Authority is keen to see pursued, as part of the work on the Manchester Hub include a reorganisation of services between Manchester Piccadilly and Victoria which would make better use of the existing network and the platforms available at both stations; the provision of additional sections of track, and increases in line speeds, which would allow rolling stock to be operated more intensively and thus more cost electively, and releasing capacity which can then be used to provide additional commuter and longer distance services.

25. A comprehensive programme of works on the Manchester Hub has the potential to reduce journey times; opening up a wider market to rail travel, allowing rolling stock to be used more efficiently, and increasing the productivity of those businesses using rail services, it would also increase the range of locations which are easily accessible by rail; expanding markets and improving reliability. Making these interventions will reduce the structural costs of the railways in the north of England, making future interventions as part of the franchise process or national policy initiatives such as the current HLOS rolling stock plan more cost effective for the Government and improving outcomes of the passenger.
26. At the centre of our aspirations for the rail network is the need for greater infrastructure and passenger capacity so that the suppressed demand we currently face in Greater Manchester can be accommodated. The Department have shown a clear commitment to London and city-regional linkages, which is to be welcomed, and which we of course support, but it is important that local services are not neglected as a result. This prioritisation is in part as a result of the appraisal methodology that values longer journeys. However, the Northern Way’s Manchester Hub study demonstrated that the fastest rate of growth is likely to be on the local rail network, which fares less well as part of the traditional appraisal. The appraisal methodology therefore needs to be re-examined to ensure that it reflects the importance of shorter distance journeys to the region’s economy.

27. On a related point, it is particularly important when making decisions on future investment, that DfT’s forecasts of likely demand are robust and credible. The GMPTE have been in protracted discussions with DfT officials over Northern Rail’s likely HLOS rolling stock allocation. Much of the differences have been over current and projected passenger demand. It is essential that improvements be made in the Department’s ability to forecast demand so that proper decisions on investment can be made.

28. As stated above, Network Rail will complete its report on the Manchester Hub January 2010, at which time greater clarity around the specific proposals to improve services will emerge, the Authority believes that the Government should make a commitment to fund these improvements in Control Period 5 (2014–19).

29. In anticipation of CP5 the Authority is of the view that Greater Manchester, as part of its discussions around the granting of statutory city region status, (as well as the Leeds city region) should have greater input into future rail planning that is currently the case, and this includes the franchise specification process. Given that the Northern, Transpennine, and West Coast franchises are set to expire during 2012 and 2013, the city region should be in a position, along with the DfT to examine what services are necessary to continue to grow the economy of north into the future, and to specify their provision, as well as any infrastructure improvements which may be necessary.

30. This will allow city-regions to identify those interventions which will most contribute to the increases in productivity which are necessary to support the economy, and which will in turn drive demand for rail services.

**HIGH SPEED RAIL**

31. Given the growth in rail patronage recently observed, it is clear that despite the West Coast Main Line Modernisation Project, the West Coast Main Line will be full on some sections by 2020. Given the cost of the Modernisation Project and the relatively modest increases in capacity, the Authority believes the case exists for the development of new lines operating at high speeds and believes that these should be linked to HS1 and from there, on to the continent.

32. The Authority believes that a high-speed network should be built to link the main northern cities with each other and with London. However, it is important that such a network is properly planned and is integrated both with cities land use and regeneration initiatives, and with the conventional rail network, and that investment in the conventional rail network does not suffer as a result of the development of a high speed line.

33. The Authority believes that the development of a high-speed line would release valuable capacity on the conventional rail network that could be used for local, inter-regional, and freight traffic.

*October 2009*

**Memorandum from Freight Transport Association (FTA) (PIR 22)**

**INTRODUCTION**

1. Rail freight plays a highly significant part in the economic well-being of Britain. Rail moves over 100 million tonnes of goods per year in the UK—accounting for 21 billion tonne kms of freight movement. Rail freight moves more than 40 million tonnes of goods to and from the UK’s ports—about 65% of intercontinental trade to the north of England and Scotland arrives by rail, from the UK’s southern gateway ports. Each additional container train can remove 50 HGVs from our roads. If there was no rail freight there would be millions more lorry journeys on our roads, travelling around twice as far as currently, each year.

2. As well as containers, rail is still vital in its traditional area of transporting heavy and bulk commodities. For example, rail transports the coal that produces a quarter of the UK’s electricity. 80% of stone used for construction in London is supplied by rail. Also, a third of metal products in the UK are delivered by rail, and around half of Corus’ (the UK’s largest steel manufacturer) deliveries are made by rail.

3. Rail freight declined in use from the 1950s until the mid 1990s. Since then there has been a growth in tonne kilometres moved of over 60%. This still represents only about 12% of the UK surface transport market and rail has great growth potential that can help ease congestion and pollution. Network Rail
forecasts continued growth in container traffic. Retailers such as Marks & Spencer, Tesco, Superdrug, Argos and ASDA are increasingly using rail as part of their supply chain solution with rail performing the trunk movement from import point to distribution centre and road performing the final delivery to store.

FTA COMMENT—GENERAL

4. Current Government policy on rail freight appears to be broadly positive, and as such is supported by FTA. The development and operation of the Strategic Freight Network is to be particularly welcomed, and FTA believes this is functioning as an effective mechanism to direct public spending on rail freight projects. Our main priority for rail freight at this time is to protect the existing SFN funding and to ensure its continuance over the subsequent five year period (2014–19).

5. Rail freight has great potential to grow—reducing the carbon footprint of the UK supply chain and benefitting our economy. Increasing rail market share of UK surface freight movements to 20% is a realistic target over the next 20 years, if there is sufficient continued support for infrastructure improvements.

6. Rail freight has a carbon footprint that is significantly lower than road. Increased electrification and improvements to the UK’s energy generation mix may see that improve further over time. Also, as the costs of pollution are increasingly internalised in all forms of transport, the ability of the country to move its goods on rail will become an increasing economic advantage.

THE COMMITTEE’S QUESTIONS

In the medium to long term, what should be the main objectives for investment in the railways, in order to improve both freight and passenger services?

7. The main potential growth area for rail freight is in intermodal container movements: intra-GB; serving the container ports; and international (the Channel Tunnel). Whilst additional funding to support bulk flows across the UK is also important for improving UK economic competitiveness, it is these intermodal services that have the scope to significantly increase the use of rail freight over the next 20 years.

8. As well as gauge clearance of major routes to allow larger freight trains to utilize routes, targeted incremental improvements across the network such as increased passing loops, improved signalling and better junctions all help optimise the network for freight.

How should these objectives be determined?

9. The priorities set out in the Government’s “Delivering a Sustainable Transport System” (DaSTS) document appear to be the correct priorities; particularly economic return for the UK as whole and improvement in environmental performance.

10. The scope for the services mentioned above to increase in the fashion described has been attested by multiple examples of industry research, which appears to have reached a consensus on these priorities. Thus we believe these priorities have been determined on a solid basis.

What is the impact of rail enhancements on the economy?

11. An increased capacity to utilize rail freight at a lower cost will reduce logistics costs for exporters (supporting UK industries), importers and domestic movers of freight (helping minimize the cost of living in this country). Increased reliability of the supply chain and a reduction in carbon footprint will all help the UK be a competitive place to do business. Increased use of rail also has the potential to free up space on the roads for the goods that need to use that mode (70% of road freight movements are within one region of the UK and so are unlikely to ever switch to another mode).

How should long-term development of major new infrastructure, such as high speed lines, be balanced against short and medium term investment to improve capacity and passenger experiences?

12. High speed lines have a potentially compelling case from a passenger point of view and significant benefits for freight. However, it is likely that freight will benefit more as a whole from continued spending on a freight specific programme such as the current Strategic Freight Network. The SFN is currently funded at £200 million over five years (2009–14). FTA would want to see this level of funding maintained or increased over the following five year period, irrespective of spending on High Speed projects.

13. Because of the specific location (eg a single line form London to Birmingham or beyond) and costs involved in utilizing a High Speed line for freight, it is principally long range cross-channel European rail freight services that would benefit form the kinds of high speed line being discussed. Whilst this is a potentially significant flow, it is only one flow and so should not be developed at the expense of other parts of the network.

14. It should be noted that the current track access charges for freight trains of the channel tunnel and HSI are prohibitively high, which has prevented full use of the potential of these lines by freight. The infrastructure managers should be encouraged to reduce their charges to a more competitive level. Equally, any new high speed line should be committed from the start to offer use to freight at a competitive price.
Is enough consideration given to the integration of rail with other transport modes, and with demographic developments, such as new housing developments, when rail investment decisions are made?

15. Public investment decisions as regards rail freight seem to be fulfilling this criteria.

16. However, private development of rail freight terminals is less than optimal for current and future use of the network. The cumbersome and slow planning system that developers have to deal with is responsible for this. FTA hopes the new planning system as set out in the Planning Act 2008 will go some way to addressing this; through the National Policy Statement on national networks as well as, in some cases, use of the Infrastructure Planning Commission.

Is enough consideration being given to the views of passengers in making investment decisions on the railways?

17. In the debate on relative priorities for the rail network, if anything too much importance is placed on passenger views. We understand that as passengers are voters, and railway service is an emotive issue. Passenger will always be the leading political priority for the railways. However, we would ask that in spending decisions as far as possible the relative economic and environmental impacts of spending on passenger verses freight focused programmes should be fully taken into account.

18. We note that in the last railways spending review (2007), a total of £7 billion was allocated to infrastructure improvements for the 2009–14 period. Of this, only the £200 million for the SFN was specifically directed to freight. This amounts to less than 3% of the total.

19. It should of course be said that much other spending will be on projects with benefits for both passengers and freight, or passenger led projects that will have side benefits for freight. However, it still stands as a demonstration of the relative balance between passenger and freight needs.

What should be the key priorities for the next High Level Output Statement?

20. Maintain the development of the Strategic Freight Network. As noted, this is currently operating at £200 million over five years, and significant progress can continue to be made if such a level of funding is maintained or improved. In the overall context of rail spending this is a relatively small amount.

THE CURRENT RAIL INVESTMENT PRIORITIES AND THE IMPACT OF THE RECESSION

Is the current investment programme sufficient for the needs of the UK economy and for passengers themselves?

21. Current SFN funding can achieve sufficient progress to meet targets for rail freight growth. In the long run only the maintenance of such a programme will allow full development of services.

In light of the current economic crisis is it still important that projects designed to increase capacity continue on the present timescale?

22. Yes. Freight volumes can be expected to return when the wider economy recovers through 2010 and beyond. The increased need (and potential) for rail freight is about a change in nature of the economy that has not been removed by the currently problems. Specifically, outsourcing of production to developing nations and moving resulting goods via deep sea containers and the environmental agenda are both trends that will continue to increases the use of rail freight whatever the overall levels of activity in the economy.

23. It should be noted by the Committee that rail infrastructure spending for freight is far from all about removing congestion—it is primarily aimed at reducing the cost of rail freight per unit so that services can increasingly win market share from road freight.

October 2009

Memorandum from Skipton East Lancashire Rail Action Partnership (SELRAP) (PIR 23)

INTRODUCTION

1. This submission in response to the New Enquiry and Call for Evidence announced by the Transport Committee in the Press Notice dated 27 July 2009 is made on behalf of the Skipton East Lancashire Rail Action Partnership (“SELRAP”), which has for a number of years been campaigning for re-opening of the former railway between Skipton in North Yorkshire and Colne in Lancashire.

BACKGROUND

2. The ability to transport people and goods efficiently, economically and (in a world where the dangers of global warming and CO2 emissions are increasingly recognised) in an environmentally friendly manner is the “glue” that holds a developed economy together. Rail transport outperforms the principal alternatives (air travel, the private car and road haulage) on all counts, and accordingly should be prioritised in any decision as to investment in transport infrastructure and services. Without an expanded and enhanced rail network, it is unlikely that vital climate change targets will be met.
3. The railways are now carrying more passengers than at any time in peacetime on a network that is only half as extensive as it was at its peak. Add to that an upsurge in freight traffic, and it will be immediately apparent that the capacity of the rail network is under serious pressure. That situation, which is only likely to become worse as passengers and freight operators seek an alternative to an increasingly congested road network, has been readily acknowledged by the Department for Transport.

4. Not so immediately apparent is the fact that the capacity problems being experienced by the rail network are exacerbated by the various “cost cutting” measures adopted over the last half century, including:
   — the closure of “duplicate” or diversionary routes,
   — the “singling” of former double track routes,
   — the removal of loops and refuges, and
   — the simplification of junction layouts,

all of which have led to considerable loss of flexibility and (in consequence) loss of capacity. Too often those “cost cutting” measures were effected without regard to a principle which should inform every decision—namely that railways are a network, every part of which depends upon every other part for its success.

5. It is also appropriate to record that the capacity problems of the rail network are being experienced:
   — despite the fact that the number of stations on the network is only half what it was at its peak (with a consequent reduction in the number of potential passengers having ready access to the rail network),
   — despite the fact that rail fares have risen significantly in recent years and are higher than in most other countries,
   — despite the fact that the cost of the principal alternatives to rail for passengers (air travel and the private car) have fallen significantly in recent years, and
   — despite the fact that the road haulage industry operates in an environment largely unfettered by a regulatory system,

all of which must artificially depress the number of potential passengers and the volume of potential freight.

6. With few exceptions, current thinking in relation to the capacity problems being experienced by the rail network is limited to lengthening trains and (where necessary) lengthening station platforms. There are some examples of more radical solutions, such as:
   — redoubling part of the Cotswold line between Oxford and Worcester which was singled as a “cost cutting” measure some years ago, and
   — restoring a double track turnout at Filton Junction north of Bristol which was simplified as a “cost cutting” measure some years ago,

but such examples are few and far between.

7. A factor which appears to be overlooked entirely in current thinking is that there are sections of the rail network which have spare capacity and are not being used to their full potential. In many cases those sections of the rail network are ones which have been affected by the “cost cutting” measures adopted over the last half century, for example:
   — where the line was once part of a through route which has been severed
   — where feeder branch lines have been closed, or
   — where the service provided is poor (whether by reason of frequency, journey time or rolling stock).

A Case Study

8. Historically, the former railway line between Skipton and Colne (a mere 11 miles in length) formed a small but strategically important part of a through route linking:
   — the west coast main line with the east coast main line,
   — west coast ports with east coast ports, and
   — the curbarrows of Lancashire with those of Yorkshire (now all part of “The Northern Way”).

The line was closed in 1970, and subsequently the previously double track section of line between Colne and Gannow Junction (Burnley) was singled—both examples of the “cost cutting” measures which have informed the decisions of the last half century. The “missing link” represented by the former railway between Skipton and Colne constitutes a gap in the rail network which prevents that network operating to its maximum efficiency.

9. Closure of the line between Skipton and Colne has not seriously affected rail services on the Yorkshire side of the Pennines, as the through route from Leeds to Carlisle (via Settle) survives. Indeed, the line from Skipton to Leeds and Bradford has enjoyed a renaissance, having been electrified in the 1990s. It is estimated
that the railway, with its 15 minute frequency throughout the day, carries 75% of the commuter traffic into Leeds from the Aire Valley, where property prices have risen significantly following the improvement in the rail service.

10. In marked contrast, closure of the line between Skipton and Colne has had a direct and deleterious effect upon rail services on the Lancashire side of the Pennines. Gone are the fast and frequent direct services from Colne to Manchester serving Nelson, Burnley and Accrington, being replaced by an hourly stopping service to Preston and Blackpool, which fails to provide convenient connections to Manchester. Small wonder that commuter traffic by rail to Manchester from much of Pennine Lancashire is virtually non-existent, while commuting by rail to Leeds from Colne, Nelson and other communities of Pennine Lancashire is impracticable.

11. The surviving railway between Colne and Gannow Junction (Burnley) is a prime example of a section which has spare capacity and is not being used to its full potential. If restored to double track in conjunction with reopening the line between Skipton and Colne, it could accommodate significantly more traffic than it currently carries. Using the lowest crossing point of the Pennines (with the easy gradients that entails), the line is ideally suited to carry freight traffic. It would also be possible to extend the existing Aire Valley electrification across the Pennines to Preston, so providing the only electrified link from the west to east coast main lines between London in the south and Edinburgh/Glasgow in the north.

12. It is ironic that while the existing railway between Colne and Gannow Junction (Burnley) is not being used to its full potential, just a few miles to the south is a railway already operating to virtually the limit of its capacity, namely the line from Manchester to Leeds via Stalybridge and Huddersfield (the Standedge route). To achieve the desired increase in the frequency and speed of express services on that route, Network Rail is considering the possibility of reinstating four tracks between Stalybridge and Huddersfield, so as to segregate express services from stopping and freight services. That could involve reopening the two derelict tunnels at Standedge, rebuilding the abandoned and dismantled Micklehurst loop (seven miles) with its several viaducts, and replacing the two lifted tracks between Standedge and Huddersfield.

13. While the substantial expenditure involved in upgrading the Standedge route might be required in the long term, it would make more sense in the short to medium term to reopen the line from Skipton to Colne and to upgrade the remainder of the original through route between Lancashire and Yorkshire. That would relieve pressure on the Standedge route by allowing the diversion of freight traffic and removing many passenger journeys—for example, between the Aire Valley and Manchester or its airport, which currently have to be made via Leeds. Further, it would provide a diversionary route which could be used to reduce the inevitable long term disruption which would be involved in upgrading the Standedge route.

14. Quite apart from its role in relieving the pressure on capacity on the Standedge route, reopening the line from Skipton to Colne and upgrading the remainder of the original through route between Lancashire and Yorkshire would:

   — connect communities currently deprived of rail services entirely—Earby and (by means of a feeder bus service and/or park and ride facility) Barnoldswick
   — connect communities currently deprived of any useful rail service—Colne, Nelson and other communities of Pennine Lancashire
   — provide (in conjunction with a restored Todmorden curve) an efficient, economical and environmentally friendly commuter link to Greater Manchester from Nelson, Colne, Burnley and other communities of Pennine Lancashire and from the Aire Valley
   — provide (in conjunction with a restored Todmorden curve) an efficient, economical and environmentally friendly link to Manchester airport from Colne, Nelson, Burnley and other communities of Pennine Lancashire and from the Aire Valley
   — provide an efficient, economical and environmentally friendly commuter link to Leeds from Colne, Nelson and other communities of Pennine Lancashire
   — restore the strategically important through route (with the potential for electrification) between the west and east coast main lines, between west and east coast ports, and between the conurbations of Lancashire and Yorkshire, and
   — provide a catalyst for the regeneration and economic development of Pennine Lancashire.

15. In summary, reopening the line between Skipton and Colne and upgrading the remainder of the original through route between Lancashire and Yorkshire is exactly the sort of investment which should be prioritised. We have commented in detail upon this potential scheme as it is the one about which we have the most detailed knowledge. A recent report by JMP Consultants Limited, commissioned by SELRAP, demonstrated that reopening the railway between Skipton and Colne would produce a benefit-cost ratio of up to 2.43. We recognise, however, that there are many other potential schemes—such as reopening another “missing link” between Uckfield and Lewes—which are equally deserving of consideration.
Prioritising Investment in Rail

16. Against the background summarised in paragraphs 2 to 7 above, and in the light of the case study summarised in paragraphs 8 to 15 above, we turn to consider the nine specific questions raised by the Committee in relation to prioritising investment in rail.

17. In the medium to long term, what should be the main objectives for investment in the railways, in order to improve both freight and passenger services?

While there is clearly an argument for a few “grand” projects, such as HS2 linking London to the North and Scotland, it is smaller (but strategically important) projects which are likely to provide greater benefits on a regular day to day basis for the greater number of passengers, and to provide enhancements for freight traffic. In many cases, those benefits could be achieved by reversing the “cost cutting” measures adopted over the last half century outlined in paragraph 4 above, so as:

— to improve the capacity and flexibility of the existing rail network,
— to adapt the existing rail network to meet new demographic trends,
— to reconnect communities deprived of access to rail services, and
— to provide attractive new services.

18. How should these objectives be determined?

While there is clearly a role for adopting a conventional benefit-cost ratio in determining the relative merits of different projects, regard must also be had to those benefits which cannot readily be assessed in financial terms, such as regeneration of the locality served by the project and environmental benefits. In some cases, much preliminary work in that regard has been carried out by voluntary campaign groups, and that work should be adopted as a starting point for assessment.

19. What is the impact of rail enhancements on the economy?

Rail enhancements have proved to have a significant impact on the economy of the locality served by the project. The railway itself will bring employment benefits—both short term as a result of infrastructure work, and long term as a result of ongoing improvements to services. More significantly, rail enhancements will provide new opportunities for residents of the locality served by the project to access places of employment, education, and other facilities such as health care, retail outlets and tourist attractions outside the locality. Similarly, rail enhancements will provide opportunities for employers to relocate or expand into the locality served by the project, and for residents outside that locality to access facilities there.

20. How should long-term development of major new infrastructure, such as high speed lines, be balanced against short and medium term investment to improve capacity and passenger experiences?

As already noted (see paragraph 17 above), there is an argument for major new infrastructure such as high speed lines, but not to the exclusion of short and medium term investment in other smaller (but strategically important) projects. By their very nature, there are unlikely to be more than a handful of major new infrastructure projects. While such major new infrastructure projects will bring great improvements in capacity and passenger experiences on the routes they serve, they will do nothing to achieve improvements in capacity and passenger experiences in the vast swathes of the country not served by those projects. By contrast, a number of short and medium term projects, geographically spread around the country, will enable far more to benefit from improvements in capacity and passenger experiences. Accordingly, the balance should be tilted in favour of numerous short and medium term projects, rather than a few major new projects.

21. Is enough consideration given to the integration of rail with other transport modes, and with demographic developments, such as new housing developments, when rail investment decisions are made?

In a word, no.

Many of the country’s ports and airports are not served (or are not adequately served) by the rail network, with the result that the only realistic access for passengers and freight is by road. In some cases, that situation could be addressed by short and medium term investment to reverse the “cost cutting” measures of the last half century. At a more local level, too many bus routes fail to serve railway stations and/or fail to connect with rail services, and means should be found to ensure that this is corrected. Although some progress has been made with the introduction of through ticketing, much remains to be achieved.

Equally, new housing developments are frequently not served (or are not adequately served) by the rail network. This is particularly unfortunate in cases where the locality of the new housing development was previously served by a route or station which was closed as part of the “cost cutting” measures adopted over the last half century. Too often, plans for new housing, retail, office and factory developments appear to be predicated on a need to provide road access to the exclusion of rail facilities.
22. Is enough consideration being given to the views of passengers in making investment decisions on the railways?

Again, in a word, no. While Passenger Focus provides a useful service in co-ordinating passengers’ views in relation to existing rail services, it does not represent a suitable means of gauging passengers’ views in relation to investment. Further, it is important to realise that it is not only the views of existing passengers which should be taken into consideration. It is equally important to reflect the views of potential passengers, who are currently unable to make use of the rail network because of the lack or inadequacy of services.

23. What should be the key priorities for the next High Level Output Statement?

The key priorities should be to identify those projects which will bring the greatest overall benefits (including those benefits not readily capable of assessment in financial terms) to the greatest number of people. That evaluation is likely to involve a mix of a small number of major new infrastructure projects and a much greater number of short and medium term investments to improve the capacity and flexibility of the existing rail network (in many cases by reversing the “cost cutting” measures of the last half century) and to expand the provision of rail services to localities not currently enjoying the benefit of such services.

24. Is the current investment programme sufficient for the needs of the UK economy and for passengers themselves?

No. The economic benefits (short and long term, direct and indirect) which investment in the rail network brings have been outlined in paragraph 19 above. The economy of many areas is being unnecessarily constrained by a rail network which (notwithstanding the existing plans outlined in the Press Notice dated 27 July 2009) lacks the capacity and flexibility to meet the needs of passengers and freight operators.

25. In light of the current economic crisis is it still important that projects designed to increase capacity continue on the present timescale?

Yes. In the short term, projects designed to increase capacity will provide much needed employment with the economic benefits that will inevitably bring. In the medium to long term such projects will provide the economic benefits which will assist in overcoming the current economic crisis.

CONCLUSION

26. SELRAP trusts that the Committee will find these comments of assistance. If any further information is required, SELRAP will be pleased to provide the same upon request.

October 2009

Memorandum from South West Councils (SWC) and the South West Regional Development Agency (SWRDA) (PIR 24)

This letter forms an officer response to the Call for Evidence, dated 27 July 2009, from South West Councils (SWC) Secretariat and the South West Regional Development Agency (SWRDA).

SWC brings the region’s local authorities together to ensure the best deal for their areas and to strengthen the local voice at regional and national levels. The Strategic Leaders Board is the executive arm of SWC and, until the new planning legislation (included within the Local Democracy, Economic Development and Construction Bill) receives Royal Assent, the SLB (as augmented) is the Regional Planning Body for the South West.

The South West Regional Development Agency is charged with furthering the economic development and regeneration of the area and contributing to the achievement of sustainable development in the region. The RDA’s take the lead on developing Regional Economic Strategies (RES), which set the context for the sustainable economic development of the English Regions.

PART 1: PRIORITISING INVESTMENT IN RAIL

Question 1: In the medium to long term, what should be the main objectives for investment in the railways, in order to improve both freight and passenger services?

1. SWC and SWRDA, in consultation with rail industry partners, local authorities and other stakeholders, have jointly identified the key rail priorities for the South West. These are set out in the region’s Rail Prospectus.10

2. We believe that these priorities should form the basis for prioritising investment in the railways in order to improve both freight and passenger services in the South West in the medium and long term.

10 Further details on the South West Rail Prospectus are available at: http://www.swcouncils.gov.uk/nqcontent.cfm?a_id=4056
3. The key rail priorities identified in the Rail Prospectus can be summarised as the following five strategic objectives:

**Strategic Objective 1 (benefits both passenger and freight services)**
- Improving connectivity to and between the regions Strategically Significant Cities and Towns (SSCTs\(^1\)), particularly Bristol/Bath/Weston-super-Mare, Swindon, Bournemouth/Poole, Exeter, Plymouth, Cheltenham/Gloucester, Taunton, Torbay and the five Cornish towns (comprising Truro, Camborne, Pool, Redruth and Falmouth/Penryn), especially from those places to London/South East and to Birmingham/Midlands.
- Meeting the needs of business for reliable connections, improved connectivity to key markets and reducing the pressure on the strategic road network.

**Strategic Objective 2 (benefits primarily passenger services)**
- Strengthen the position of the region’s SSCTs, particularly Bristol/Bath/Weston-super-Mare, Swindon, Bournemouth/Poole, Exeter, Plymouth and Cheltenham/Gloucester, as focal points for growth and regeneration through provision of efficient and reliable transport systems, tackling congestion and supporting delivery of economic growth.
- Improve accessibility and encourage modal shift away from the car for commuting trips to and within SSCTs.

**Strategic Objective 3 (benefits both passenger and freight services)**
- Improve public transport interchange and access to airports including those serving Bristol, Bournemouth, Exeter, Southampton, Birmingham and London.
- Ultimately secure direct rail access to London Heathrow airport from the west.

**Strategic Objective 4 (benefits primarily freight but also passenger services)**
- Facilitate the growth and success of Bristol Port, encourage sustainable distribution and safeguard the potential for improved rail traffic to and from Poole, Plymouth and other South West ports.
- Improve the reliability and punctuality of passenger and freight services in the Bristol area and along the Great Western Main Line.

**Strategic Objective 5 (benefits primarily passenger services)**
- Support growth in key regional business sectors, particularly tourism, providing increased opportunities for people to travel and to and within the South West and to the regions by non car modes.

**Question 2: How should these objectives be determined?**
4. We would advocate the process undertaken by the region to identify the priorities set out in the South West Rail Prospectus. This involved a move away from the “wish list” approach that has arguably been prevalent in the past to one of working closely with the rail industry and scheme promoters, local authorities and passenger and freight representative organisations, to identify the top priorities for the development of rail in and of relevance to the South West.

5. The priorities identified in the Prospectus are intended to help to steer rail investment in such a way as to support and help realise the delivery of the South West’s Regional Spatial Strategy (RSS) and Regional Economic Strategy (RES) ie to set rail transport in an overall regional context.

**Question 3: What is the impact of rail enhancements on the economy?**
6. Rail is an enabler of economic activity with rail demand driven by the economy. The rail network provides vital connections to businesses to markets, access to a good supply of labour, enabling diverse movements such as bulk freight transport and access to leisure facilities. As rail infrastructure is necessarily fixed, demand patterns are relatively inelastic which means rail is effectively locked in to the economy.

7. Direct benefits of rail to the region are relatively small, with over 5,000 employed in the industry locally (0.17% of regional employment), although this sector has seen significant growth since 2000. It is therefore reasonable to assume that enhancements made since 2000 have directly contributed to GVA in the South West economy.

8. The majority of benefits from rail are indirect (ie “wider economic benefits”). For example, access to rail encourages businesses to locate in certain places, fosters economic development, gives access to a wider labour market and enables residents to access jobs and services. In a reliable and sustainable way.

\(^1\) The places identified in the emerging Regional Spatial Strategy for the South West 2006–2026 (RSS) as being the primary focus for development in the region. The draft RSS identifies the following SSCTs: Barnstaple, Bath, Bournemouth, Bridgewater, Bristol, Camborne/Pool/Redruth, Cheltenham, Chippenham, Dorchester, Exeter, Falmouth/Penryn, Gloucester, Plymouth, Poole, Salisbury, Swindon, Taunton, Torbay, Trowbridge, Truro, Weston-super-Mare, Weymouth and Yeovil. The SSCT’s quoted here have been identified as main growth areas in the region’s Regional Funding Allocation Advice to Government.
9. Nationally, two thirds of all journeys are made within, rather than between, regions. Nearly half of all rail trips in the South West are made by commuters, and if business travel is included this rises to seven out of 10 trips. (DfT National Rail Travel Survey). A study previously carried out for the South West region found that productivity decreases by 6% with each 100 minutes travel time from London, our major market. This would indicate that any investment in rail infrastructure which supports accessibility to regionally important places, and improves accessibility between those places and their main markets, is likely to maximise benefits to our economy.

10. The SWRDA commissioned research from DTZ Pieda in 2003–04 to help inform the preparation of the South West’s economic, spatial and transport strategies. This identified inter-regional connectivity as the priority for business. This was confirmed by other research, carried out by Halcrow, which attempted to quantify the economic benefit of the Great Western Main Line to the South West economy. It showed that the reliability of main line services was the top priority for improvement with 40% of businesses warning that the inadequacy of the region’s rail network could constrain growth.

11. Reliable rail connectivity is vital to the sustainable economic growth of the South West, enabling its full contribution to the national economy. It is therefore vital that adequate plans should be factored in to all enhancement schemes to ensure the maintenance of reliable services, particularly when enhancements are planned. Congestion and capacity in the Thames Valley corridor already impact on the robustness and reliability of services. The welcome developments of Crossrail, the remodelling of the Reading area and the electrification of the Great Western Main Line to South Wales and of the associated routes as far as Bristol, Newbury and Oxford will present additional challenges.

12. The Great Western network already suffers from dependence on a rail fleet whose average age is older than that in any other region and from unreliable infrastructure, much of which is life-expired. The Great Western Main Line infrastructure was so life-expired that the Ten Year Transport Plan of June 2000 listed its up-grade, along with completion of the Channel Tunnel Rail Link, the route modernisation of the West Coast Main Line and the up-grade of the East Coast Main Line, as number four out of eleven national projects that were to be delivered by 2010—see Paragraph 6.21, Transport Ten Year Plan 2000, DETR, July 2000; www.dft.gov.uk/adobepdf/165259/tenyearplan.

Question 4: How should long-term development of major new infrastructure, such as high speed lines, be balanced against short and medium term investment to improve capacity and passenger experiences?

13. High speed rail is a long term project which should be developed in the context of a national rail investment strategy and should not compromise investment in the existing network. Over 90% of industries make some use of the rail network. (ONS 2007). Maintaining current investment programmes is therefore important in sustaining business opportunities and helping to maximise the value of a regional economy by increasing the level of accessibility.

14. We believe that it is important, where possible, to integrate planning for shorter and longer term goals. There is a need to focus on delivering solutions to the more immediate capacity problems before the region is in a position to address planning for long term growth and longer term capacity issues.

15. The case for high speed rail needs to be considered in the context of national planning objectives, particularly the need to secure sustainable economic growth in the context of the pressing need to address carbon impacts. High speed rail needs to be balanced not so much against the demand for investment to improve the capacity and passenger experience in the short or medium term but against the pressures posed by dependence on air travel for journeys that might otherwise be made by more sustainable modes, should the option exist.

Question 5: Is enough consideration given to the integration of rail with other transport modes, and with demographic developments, such as new housing developments, when rail investment decisions are made?

16. As stated above the South West Rail Prospectus priorities are very much grounded in the need, over the next 15–20 years, to deliver the strategic growth identified in the South West region’s spatial and economic strategies.

17. Rail Prospectus Strategic Objectives 3 and 5, in particular, support improved public transport interchange, ie integration of rail with other modes.

18. In July we produced separate responses to the Association of Train Operating Companies consultation Connecting Communities—Expanding Access to the Rail Network. These welcomed the principle of providing better access to the rail network from towns that have no direct rail links. We also welcomed the objective of providing easier access to stations and providing the rail capacity required to encourage passengers to switch to rail.

19. Overall, we welcome the long term objective of adapting the present network to meet needs arising from the population and economic growth predicted to take place in the coming decades. Our Regional Funding Allocation programme includes several rail and integrated public transport schemes, to help “join up the journey”. We are also progressing the basis for a “South West Regional Smartcard” to simplify use of the region’s transport system. Our “Regional Infrastructure Fund” is providing advance funding for a
new rail station at Cranbrook near Exeter to help ensure a rail service during the early stages of this new settlement. Our plans for growth in the West of England sub-region are predicated particularly on access to suitable public transport, including the provision of a Bristol Metro.

20. We are keen to see more integration of rail planning appraisal and decision making with wider spatial planning and prioritisation. We believe that where local transport authorities adopt the DaSTS approach to delivering transport solutions it will provide an opportunity for urban areas such as the West of England to integrate decisions taken on rail with wider spatial planning and prioritisation.

Question 6: Is enough consideration being given to the views of passengers in making investment decisions on the railways?

21. SWC and SWRDA liaise closely with passenger organisations such as Passenger Focus and TravelWatch South West to keep abreast of passenger issues. Those and similar organisations are best placed to respond to this question.

Question 7: What should be the key priorities for the next High Level Output Statement?

22. We see no reason to suggest that the key priorities for the next High Level Output Statement for the railway (HLOS) should differ significantly from those of the current HLOS, namely: improving the safety and reliability of the railway and securing an increase in the carrying capacity of the franchised passenger railway. However, we would note that the current HLOS failed to address adequately the increased capacity requirements of the West of England sub-region. For example, it forecast that the total level of demand on the Cardiff-Bristol-Southampton-Portsmouth route would increase by around 14% by the end of the Control Period in March 2014: in practice, this increase has already been exceeded.

23. It would, however, appear consistent to suggest that increasing the capacity of the railway to carry freight should also be a key priority, particularly with regard to Government’s aim to deliver sustainable economic growth. However, freight and passenger services frequently share the same network: the prioritisation of freight should not be at the expense of passenger capacity or of the potential of the network to meet anticipated passenger growth. Capacity for freight and capacity for passenger services should not be considered in isolation from one another. Instead, it is important to seek synergies in network provision.

24. We further suggest that another key priority for the next HLOS should be ensuring that major rail projects of relevance to the South West, such as delivering an electrified core Great Western Main Line with diversionary capacity that is sufficiently robust to meet the needs of 24/7 railway operation, rebuilding Birmingham New Street station, remodelling Reading Junction and delivering Crossrail, are completed to planned timescales.

25. The HLOS rail investment planning process needs to ensure that allocation of funds reflects growth planned in the regions and regional priorities and objectives for accommodating that growth as sustainably as possible together with measures to ensure delivery of robust and resilient services. This should be followed through onto influence on franchise specifications. Rail planning regions and routes are not consistent with government office regions, which could affect prioritisation of regional rail objectives.

26. Overall, we welcome the fact that the national priorities enshrined in HLOS are broadly consistent with the South West Rail Prospectus priorities and would like to see this continue.

PART 2: THE CURRENT RAIL INVESTMENT PRIORITIES AND THE IMPACT OF THE RECESSION

Question 1: Is the current investment programme sufficient for the needs of the UK economy and for passengers themselves?

27. We welcome the current and, we would argue, necessarily high levels of Government investment in the railways and wish to see those levels of investment continue to enable the rail network to accommodate future demand and continue to contribute effectively to improving the South West’s economic and environmental circumstances and to improving the quality of life for the region’s residents and visitors.

28. The South West’s GVA per capita is now £18,195, 8.8% below the national average, and the planned capacity increases during CP4 should enable increased economic activity and demand for rail travel. However, the rail investment planning process does not currently tie investment criteria to closing output gaps between regions or realising economic growth objectives.

Question 2: In light of the current economic crisis is it still important that projects designed to increase capacity continue on the present timescale?

29. Rail industry forecasts and other evidence indicate that, in the medium to long term, passenger and freight demand will continue to grow at broadly the rates predicted despite the current economic crisis. For example, HM Treasury consensus of forecasts suggests that the economy will return to positive growth in 2010. Our assumption is therefore that additional capacity planned in CP4 is likely to be required by the end of CP4, with any deviation from the long term trend of growth being short term only.
There is a long lead time for development and implementation of significant investment projects. In the South West, the proposed electrification of the Great Western Main Line, provision of new trains under IEP, the increasing reliability of services in the region whereby a PPM of more than 90% is being achieved—a significant improvement on a few years ago when fewer than two in three trains were less than ten minutes late—continued population growth and planned economic development will all further increase the rate of growth in rail travel. This already appears to be 4.6% to 6.5% per annum around our major urban centres, well above the national average. Patronage in the more rural areas has generally increased more dramatically: despite the recession, FGW is reporting growth for the latest year-to-date figures on its community rail services ranging between 13% (Barnstaple branch) and 67% (Newquay branch) with average annual growth of 22%. Taken together, it is clear to the region that there is no case for delaying projects to increase rail capacity and performance in the South West.

September 2009

Memorandum from Manchester Airports Group (MAG) (PIR 25)

1. This submission is made by the Manchester Airports Group (MAG) in response to the Transport Select Committee’s Call for Evidence. As MAG is not a rail infrastructure provider not a train operator, we are not in a position to pass comment in response to the Committee’s specific questions. Hence, our remarks are of a general nature only.

2. We support proposals for the further development of the UK’s rail infrastructure and for greater integration with the UK’s airport network, especially those international “gateways” specified by Government (in the DASTS Study and the Eddington Report), in order to create a truly world class transport network for the UK.

3. In particular, we welcome the recent interest in proposals to develop High Speed Rail links. Currently the proposal from Government is for HS2 to investigate the possibility of linking Heathrow and the Midlands via High Speed Rail, with possible extensions to the Manchester area, Yorkshire, the North-East and Scotland. Other proposals have also been tabled by Network Rail and Greengauge 21 that identify the case for investment. These benefits include:
   — Substantial economic benefits in respect of GVA.
   — Improved connectivity linking rail to Manchester’s extensive air route network.
   — Improved regional competitiveness and help close the productivity gap with the South East.
   — Substantial passenger benefits in respect of time, convenience and accessibility.

4. MAG believe there is a powerful case for new investment that serves the Manchester City Region and Manchester Airport in particular.

5. Manchester Airport is already a major transport hub in its own right—one of the largest outside London—with air, rail, bus, coach and (planned) tram services. Linking the airport to High Speed Rail would create a major opportunity for the whole of the North of England, joining national and international connections via air, rail and road, for the benefit of the entire region.

6. Whilst there is a current focus on High Speed Rail, we believe that there are three priorities for rail:
   — Maximising the use of the current network, eg through longer trains, removing barriers to modal shift (eg parking at stations, better use of real time information, multi modal ticketing) and ensuring that new franchises incentivise investment.
   — Tackling major bottlenecks, eg at the Manchester Hub where there is a proven case for investment that will benefit the wider network.
   — Investment in new lines and improvements to enable faster speeds on existing lines. Any new High Speed lines need to be properly integrated with existing lines and other modes at key interchanges, Manchester Airport being a prime example.

7. The benefits of High Speed Rail, however, should not be overstated in terms of modal shift from air to rail or in terms of reducing carbon emissions. In respect of UK emissions, domestic transport accounts for some 21% of the total. Of this, some 92% is attributable to road transport, with only 1.6% attributable to domestic air services.

8. The potential for air-rail substitution is extremely limited. Apart from certain domestic short-haul and London to the “near continent” trips, there are relatively few routes on which rail can provide a realistic alternative to flying. Even within the UK, rail connection times between some city pairs (such as Manchester-Aberdeen and Manchester-Exeter) is likely to remain poor, with High Speed Rail offering either little or no improvement. On key routes such as Manchester-London, it should be remembered that only 3% of North West to London journeys are made by air, compared to 55% by road and 42% by rail.
9. The substitution effects on modal shift are likely to be diluted further if a new High Speed Rail route takes the form of a single main line taking indirect and lengthier routings to pick up more intermediate destinations.

10. Likewise, the carbon benefits of air to rail substitution need to be looked at on a whole life cycle basis. In “Revenue” terms, rail is often claimed to be far more “carbon efficient” than air on a passenger per mile basis. However, as identified in the 2007 Booz Allen report for the Department for Transport, the “capital” side has to be considered also. As the land take, concrete and steel requirements, station and signalling infrastructure for new rail build is far larger (because of line length) than new runways at airports, new rail construction involves significantly more carbon emissions than the construction involved in new airport infrastructure. As Booz Allen concluded “The London to Manchester base scenario results indicate that none of the rail options under consideration achieve emissions parity [ie the emissions saved from aviation exactly compensate for the increased emissions from rail ie achieve a net carbon saving], even at 100% rail share. In other words, if a new line is constructed and operated on this route, regardless of the rail technology employed, the amount of emissions generated would not reduce to the level emitted in the do nothing scenario.”

11. In conclusion, Manchester Airports Group supports the renewed emphasis on rail investment, and on the need for a High Speed Rail network for the UK. Such a network needs to include both Manchester and airports and should be regarded mainly as being complementary to aviation, not a substitute for it. The benefits of High Speed Rail in both modal shift and carbon savings terms should not be overstated.

October 2009

Memorandum from Passenger Focus (PIR 26)

1. Introduction

1.1 Passenger Focus, the independent national rail consumer watchdog, welcomes the opportunity to respond to the Committee’s inquiry into priorities for investment on the railways.

1.2 Our submission focuses on passengers’ priorities and draws heavily on our extensive body of research.

2. In the medium to long-term what should be the main objectives for investment in the railways?

2.1 As part of its input into the original HLOS Passenger Focus commissioned research into passenger priorities for improvement. Around 4,000 passengers were asked to rank 30 different aspects of rail travel. The top 10 priorities for improvement—in order of importance—were as follows:

<table>
<thead>
<tr>
<th>Rank</th>
<th>Rail Service Attribute (30 in total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Price of train tickets offer excellent value for money</td>
</tr>
<tr>
<td>2</td>
<td>Sufficient train services at times I use the train</td>
</tr>
<tr>
<td>3</td>
<td>At least 19 out of 20 trains arrive on time</td>
</tr>
<tr>
<td>4</td>
<td>Passengers are always able to get a seat on the train</td>
</tr>
<tr>
<td>5</td>
<td>Company keeps passengers informed if train delays</td>
</tr>
<tr>
<td>6</td>
<td>Maximum queue time no more than 2 mins to purchase tickets</td>
</tr>
<tr>
<td>7</td>
<td>Information on train times/platforms accurate and available</td>
</tr>
<tr>
<td>8</td>
<td>Trains are consistently well maintained/in excellent condition</td>
</tr>
<tr>
<td>9</td>
<td>Seating area on the train is very comfortable</td>
</tr>
<tr>
<td>10</td>
<td>Passengers experience a high level of security on the train</td>
</tr>
</tbody>
</table>

2.2 We believe that investment decisions should reflect passenger priorities. It is clear from this research that this means improving the “core product” (ie the punctuality and capacity of the network).

Punctuality

2.3 Punctuality was ranked as the 3rd highest priority for improvement. Its importance to passengers is further reflected through the National Passenger Survey. Multivariate analysis of the overall satisfaction and dissatisfaction scores reveals that punctuality is the single biggest driver of overall satisfaction while the biggest driver of dissatisfaction is the way that the industry manages delays. In very simplistic terms, this means that the best way to improve overall passenger satisfaction is to get the trains to run on time.

2.4 The original HLOS set punctuality targets (92.6% PPM across all services). It has been mooted by the industry whether it is practicable to go much beyond this in HLOS2 and whether the investment required to do so could be better spent improving some other aspect of the railway. Passenger Focus welcomes the

---

12 Passenger Focus is the operating name of the Rail Passengers Council.
13 Rail Passengers’ Priorities for Improvements, Passenger Focus, April 2007.
14 NPS provides a network-wide picture of passenger satisfaction with rail travel. Opinions are collected twice a year from a representative sample of some 25,000 passenger journeys. Passengers’ overall satisfaction and, in particular, satisfaction with 30 specific aspects of service can be compared over time.
continued improvement in punctuality across the network—though there are still pockets of poor performance that need to be addressed but is concerned at the argument that targets should be “frozen”. There are a number of reasons why:

— The existing measure of punctuality (PPM) classes a train as on time if it arrives within five minutes (for shorter distance services) and 10 minutes (longer-distance) of its scheduled arrival time.

— Sector targets can mask poorer performing areas.

— Initial research by Passenger Focus also shows a gap between PPM and passengers’ own experience of delay—ie passengers found trains to be less punctual than the official PPM measure. There are a number of possible reasons for this—one of them being that that punctuality is only reported at the final destination rather than at intermediate points and so ultimately records the delay to the train rather than the passenger—eg a passenger could have been 15 minutes late at the point he/she got off but the train may have made up time later on and arrived “on time”—in such circumstances the passenger was late but the train was on-time. We are currently in the middle of a comprehensive piece of research which looks to map satisfaction against actual performance data in a much more detailed manner. Initial results confirm that there is a lag between the measure of train lateness and measures of “passenger lateness”.  

2.5 While it is important that the timetable reflects operational reality it is also important that punctuality is not achieved at the expense of journey time—ie padding timetables to avoid being classed as late.

2.6 We believe all these issues need to be addressed before there is any decision to freeze punctuality at current levels.

Capacity

2.7 In simple passenger terms capacity means running enough services and getting a seat. There are two basic options open to the industry: run more trains and/or run longer trains. We welcomed commitments in the original HLOS to provide 1,300 new carriages and a raft of infrastructure interventions designed to increase overall capacity but—like the Committee in its inquiry “Delivering a Sustainable Railway”—questioned whether this was too modest in terms of longer-term strategy and growth. At some point the existing railway will become “full” and we simply won’t be able to squeeze more capacity from it. Hence we were pleased to see a shift of emphasis from Government towards things like electrification and High-Speed lines and the recommendations made by Network Rail in its “new lines” study and the Route Utilisation Study programme.

2.8 It has been argued that the recession has squeezed growth/demand and reduced the need for continued investment in capacity. We do not agree. Network Rail has recently published “Network Route Utilisation Strategy: Scenarios & Long Distance Forecasts” which projects long-term growth under all the different scenarios considered. This is on top of existing passenger numbers which are at levels last seen at the end of the Second World War.

2.9 Rail has very long lead times so it is important to keep one eye on the longer-term strategy rather than just tackle short-term issues. Given projected growth, capacity must remain one of the key investment priorities. This means maintaining a focus on rolling stock provision as well as infrastructure enhancements. The industry’s Route Utilisation Strategy (RUS) approach—which we support—provides a mechanism through which these longer-term issues can be kept under review.

Network Availability seven-day railway

2.10 A third key area for investment is that aimed at decreasing the disruption caused by engineering works. Weekend travel is frequently blighted by engineering work and the use of bus replacement services. Maintenance is clearly essential and some disruption is an inevitable consequence of upgrade or renewal work but more needs to be done to minimise disruption.

2.11 Our research clearly shows that passengers who have paid for a train service expect to travel by train rather than by a replacement bus. Passengers would prefer a diverted train journey even if it took up to an hour longer than by the replacement bus service. This indicates a need for investment in such things as diversionary routes and bi-directional signalling. But this will also require a change in culture and work practises—the key aim being that when you buy a train ticket you get to travel by train. To this end we have called on the industry to sign-up to our “bus replacement pledge” and only replace a train with a bus when it is the last resort.

2.12 Investment in “disruption” work should also be accompanied by investment in information systems that are designed to provide passengers with real time information. At times it is the sense of being kept in the dark about delays that is as frustrating as the delay itself.


3. How should these objectives be determined? Is enough consideration being given to the views of passengers in making investment decisions on the railways?

3.1 We believe that passengers’ views should be a key part of the process of determining priorities. It is passengers who will be travelling on services and funding an increasing share of the investment via fares so it is right and proper that their views are taken into account. Passenger Focus will help to ensure that the passenger voice is heard by feeding in the results of the National Passenger Survey (NPS) and other research.

3.2 In particular we have commissioned another wave of the National Priorities for Improvement research. This will again ask passengers to rank improvements in order of priorities which, as well as giving an up to date ranking will allow us to compare results with similar research in 2007 and 2005. This research is underway and we hope to complete by the end of the year.

4. What should be the key priorities for the next High Level Output Statement.

4.1 The original HLOS set targets for safety, punctuality and capacity. We have already set out our views on the continued importance of punctuality and capacity. Challenging targets for both should be included in the next HLOS and it goes without saying that safety is and should remain a priority item—as should continuing efforts to make the railway more accessible. We do feel, though, that targets should be disaggregated further—especially when concerning punctuality and crowding. Moving from sector levels to individual TOC or route targets would provide a greater degree of accountability to passengers.

4.2 As also mentioned above we think there is a strong case for focusing on network availability as a core issue. This means reducing the volume and duration of engineering possessions and—particularly from a passenger perspective—reducing the number of rail replacement buses required. There are a number of existing and proposed measures that could be used to establish an HLOS metric.

4.3 We also think there is scope to include a metric/target that covers passenger satisfaction (ie something looking at the qualitative elements of the journey). Passenger Satisfaction (as measured by NPS) has been included as a franchise target in the new South Central franchise and will also be one of the contributing elements used to determine Network Rail senior management bonus payments. Passenger Focus would be happy to discuss how this could be used as an input to the HLOS process.

4.4 The original HLOS also included funding panels for stations (NSIP) and discretionary funding (NRDF). We support these initiatives—having such discretionary funding pots encourages innovation and can help to attract matching funding from outside the railway.

4.5 We also think that HLOS2 should take a broader approach to fares and ticketing. We expressed concern at the intention set out at the time of the original HLOS to shift the balance of funding for the railways: from 50:50 between taxpayers and fare payers to 25:75. NPS shows that passengers already record poor levels of satisfaction when it comes to value for money and the national priorities work made value for money the number-one priority for improvement. Our research\(^1\) comparing rail fares in Britain with those elsewhere in Europe also found that commuting to London is expensive when compared with other principal European cities, although train frequency in Britain is generally higher. On long distance trains it is possible to travel more cheaply in Britain than elsewhere in Europe—if you manage to buy an Advance purchase ticket at the lowest price. However, our long-distance “walk up” railway is expensive when compared with other countries. More recently DfT has produced research\(^2\) which showed that reducing cost of fares was the factor most likely to increase the use of rail by non or infrequent users. There is clearly a limit to how much more passengers can be expected to pay.

5. How should long-term development of major new infrastructure, such as high-speed lines, be balanced against short-term investment to improve capacity and passenger experience?

5.1 Passenger Focus supports the need for additional capacity. Lengthening platforms and providing more rolling stock will help maximise the use of existing track but there is a finite limit to this—at some point capacity can only be increased by laying more track or radically expanding existing infrastructure.

5.2 One proposed option is the High Speed 2 project. For us the key driver behind the project is the additional capacity it brings—both in its own right and by virtue of reorganising services on existing lines. One of Passenger Focus’s aims surrounding the high-speed debate is to ensure that it doesn’t divert funds from the existing railway—both in terms of maintenance and of other enhancement schemes (eg addressing commuting bottlenecks identified in the original HLOS in London and other cities). It would not benefit passengers to have a new railway if it meant running down existing lines/services. Any discussion on new high-speed lines must also include the issue of fares and ticketing on such services. Key questions include: will it charge premium fares? Will it be a case of compulsory reservations? It is important that these issues are debated and understood by passengers.

\(^1\) Fares and Ticketing Study. Passenger Focus. February 2009.
6. Is enough consideration given to the integration of rail with other transport modes?

6.1 Passenger Focus has long maintained that few passengers’ journeys start or finish with the train; reaching the station and completing one’s journey at the destination end involves another mode of transport, or walking.

6.2 To address this and improve public transport we believe there must be better integration between stations and other forms of transport whether this be walking, bus, taxi, or cycling. The precise needs will differ from station to station—location can play a big part in how passengers get to their station so a one-size-fits-all approach will not work. To that end we support the existing Station Travel Plan initiative which is designed to take local realities into account. We also support recent announcements designed to improve bicycle access to stations.

6.3 We do, however, also see a need to improve car park provision at stations. For many rail passengers, driving to the station remains the most viable and practical means of travel. The increasing length of a working day, the shift towards a “24-7” week coupled with the lack of alternative bus services mean that there is little option for many but to drive to the station. Fears over personal security can also inhibit the use of alternative transport or walking. For these reasons, the provision of affordable car parking facilities at stations remains important.

6.4 Our research shows that deliberately limiting the expansion of car parking at stations where there is a demonstrable lack of spare capacity (in order to discourage car trips to the station), is likely to have the opposite of the desired effect, and generate more or longer trips by car, thus increasing congestion and vehicle emissions. For example:

- With car parking supply limited there is likely to be an increase in kiss and ride trips (the rail user being dropped off at the station by car and picked up on the return journey). This potentially generates twice the number of car trips than somebody parking at the station.

- A full car park may result in a rail user driving to a more distant station with space in the car park, resulting in longer trips by car.

- A full car park could also discourage someone from travelling by rail at all and drive instead.

7. Is the current investment programme sufficient for the needs of the UK economy and for passengers themselves? In light of the current economic crisis is it still important that projects designed to increase capacity continue on the present timescale

7.1 The recession will clearly have an impact on demand but, as mentioned, long-term scenarios point to continued growth for rail. Network Rail’s “Scenarios & Long Distance Forecasts” publication considered a number of factors, including economic growth and development, social trends and sustainability over a 30 year period. Given the long lead times for rail investment it is important that decisions are made on such longer-term projections on growth rather than short-term expediency. Stop-start investment policies are ultimately more expensive in the long-term.

October 2009

Memorandum from Virgin Group (PIR 27)

INTRODUCTION

1. Virgin Group (VG) is the majority shareholder in Virgin Trains which, since 1997, has operated the West Coast Mainline and is the longest-established inter-city rail operator in Britain.

2. The period since privatisation has seen significant investment in the railways: in rolling stock, fixed infrastructure, and wider supportive infrastructure. The £9 billion West Coast upgrade and £1.2 billion worth of new trains has significantly cut journey times and increased capacity.

3. There is a clear trend of growth in rail use. While the rate of growth may slow because of the recession it is still likely that the growing attractiveness of rail services, their increasing competitiveness with other modes of transport, and a shift in environmental awareness will sustain this trend.

4. Recent investment has raised the bar significantly, but more must be done if UK rail is to be efficient, innovative and stimulate economic growth, as the OECD noted below:

The adequate provision of public infrastructure should be a priority, particularly in transport where road and airport congestion, and problems in the rail system impede business and constrain productivity.


5. VG considers that finding sources of future investment will be at least as important as setting priorities for investment. There is no doubt that the pressures on public finances will seriously impede future investment plans, unless there is a radical shift to draw funding from elsewhere, and therefore the fundamental question is “How can investment be financed?”

6. While the discussion below relates primarily to the West Coast Mainline service, VG believes that the arguments are applicable to the long-distance rail market more generally.

Prioritising investment in the railways

7. There needs to be a distinction made between commuter services, which have a more secure customer market, and long-distance routes serving differing markets and with very different investment needs. On long distance routes, on which train companies compete against air, coach and car, VG believes that there are four inter-connecting elements which should determine investment priorities:
   — Removing the need for non-connecting domestic flights (ie those which do not involve passengers taking onward international flights).
   — Ensuring sufficient capacity until the introduction of High Speed 2 (HS2).
   — Promoting regional development.
   — Reducing CO\textsubscript{2} by replacing air and road traffic and improving the emissions of railways.

8. VG believes that, to maintain current levels of confidence in the railways, a commitment to continue investment in the existing lines must be made at the same time as any firm announcement to proceed with HS2.

Domestic flights and road traffic

9. In the last five years, improved services between Manchester and London have seen rail’s share of the rail/air market grow from 30% to 80%. Similar progress can be made on the Glasgow route by improving track speeds north of Preston and in the Midlands.

10. Increasing road congestion and rising motor fuel costs will add to pressure for alternatives to the road network and investment in rail will be key to continuing the modal shift seen in recent years.

Capacity

11. The country cannot afford an investment “holiday” on “classic” lines while HS2 is being planned and delivered. The right level of private investment and timely decisions from government are needed, not just to ensure that existing lines integrate into the High Speed Rail strategy, but to address the capacity challenge.

12. Even allowing for the impact of the current recession, it is expected that capacity will be severely tested on the West Coast route well before delivery of a high-speed line in 2027. Estimates vary, but certainly by 2018 it is anticipated that the line will be ‘full’ (even taking account the current project to lengthen part of the Pendolino fleet). This could be earlier if congestion continues to grow at key pinch-points at the southern end of the line south of Rugby.

13. There are several key decisions that need to be taken to meet the capacity challenge ahead of HS2. For instance, the entire Pendolino fleet can be extended to 11 carriages, instead of only 31 of the 52 trains planned at present. There is also scope for adding an additional carriage to the 21 Super-Voyager diesel trains, and making these carriages capable of drawing power from electric lines to create a more flexible bi-fuel fleet.

Prioritising regional development

14. Promoting the economic growth of the city regions served by the West Coast Mainline, and of the significant leisure markets outside those city regions, will be important as we come out of recession if we are to maintain an equitable distribution of wealth. This needs to feature more strongly in structuring franchise opportunities and in assessing bids, so that the wider economic benefits of rail investment are considered as part of the bidding process.

15. There is much focus on the potential for HS2 and this provides exciting opportunities. However, it is crucial that any such development is led by passenger demand and not engineering solutions. In the meantime, regional economic development requires substantial investment in the current network, which in turn needs to link closely to future HS developments.

Current rail investment priorities and the impact of the recession

16. The current economic climate requires an examination of the overall approach to investment in the railways and also whether the cost of operating the railways is as low as possible. There are a number of issues to be considered before the scale of the current investment programme is considered.
17. All businesses are looking at efficiencies. We need to do the same for rail. The value for money delivered by Network Rail, and the ability of the franchising system to pull in non-taxpayer investment are two areas that demand particular attention.

18. As an example, a major expansion of car-parks at Virgin Trains’ stations is currently underway, but there are clear suggestions that commercial costs outside the rail industry could be significantly lower than the current costs. The efficiency savings by Network Rail, set by the ORR for Control Period 5, indicate that significant reductions can be made, which could enable greater investment.

19. Virgin Trains has consistently argued that longer franchises enable operators to make significant investments in the asset base and services, leading to improved passenger experience and attracting passengers to the service over the longer term. Such major investment requires longer franchises in order to see a return on that investment, a point recognised in the Committee’s July 2009 report Rail Fares and Franchises.

20. There is also a need to bridge the existing gap between franchise length and asset life so that the cost of investment is spread over the entire life of the asset ie 30–40 years, rather than over a short franchise period.

21. Below is an indication of what VG believes could be achieved over the next two decades with a mix of currently allocated investment and additional investment drawn from the private sector:

**Using investment currently in the pipeline**

<table>
<thead>
<tr>
<th>Year</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>Hourly service from London to Glasgow.</td>
</tr>
<tr>
<td>2012</td>
<td>Extension of 31 Pendolino trains to 11 carriages, and four 11-carriage trains (106 carriages) creating capacity for a further 13 million passengers a year. Increase services to Liverpool.</td>
</tr>
</tbody>
</table>

**Using fresh operator investment and over a long franchise**

<table>
<thead>
<tr>
<th>Year</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>Reduce journey time to Glasgow below four hours by improving track north of Preston.</td>
</tr>
<tr>
<td>2014</td>
<td>Extend remainder of Pendolino fleet (21 trains) to 11 carriages creating capacity for a further 10 million passengers a year. Create new services for Crewe, Rugby, Stoke.</td>
</tr>
<tr>
<td>2015</td>
<td>Enable Super Voyagers to use electricity, improving North Wales service. Complete track work to improve train times to Scotland. Improve Birmingham-Nuneaton route, creating a fourth train each hour for the London-Birmingham service creating capacity for a further 1 million passengers.</td>
</tr>
<tr>
<td>2018</td>
<td>Improve signalling to enable 135 mph running, reducing Glasgow journey time further.</td>
</tr>
<tr>
<td>2022–24</td>
<td>Create links into Heathrow airport.</td>
</tr>
<tr>
<td>2025</td>
<td>Link West Coast with St Pancras and High Speed services to the continent.</td>
</tr>
<tr>
<td>2027</td>
<td>Link West Coast to high-speed line (HS2) to the North West and Yorkshire.</td>
</tr>
</tbody>
</table>

22. The franchising process also needs to exploit more intensively the “innovation market” in which the imagination of all bidders is brought into play to design solutions to deliver outcomes specified in an invitation to tender. This requires a shift in the Department for Transport’s current approach which specifies the Service Level Commitments and the other obligations of the franchisee in very great detail.

23. There may be merit in applying this prescriptive approach to mass commuter transit, but it is wholly unsuited to long-distance routes, which require investment and innovation to enable train operators to compete. The Department for Transport has gradually reduced the scope for operator input to the point at which the timetable to be operated, the rolling stock to be used and the resources deployed are largely fixed at the outset, allowing little scope for innovation other than that which the Department for Transport is itself able to envisage. We believe that this goes against the grain of current thinking in government procurement, as stated below:

> It is important to provide sufficient detail to allow the market to respond to requirements, whilst leaving room for innovation where appropriate. Output- or outcome-based specifications should normally be used. These focus on what authorities want to achieve, not how a supplier is to provide it. This challenges suppliers and gives them the scope to develop innovative solutions.\[21\][Our emphasis]

**Looking for alternative sources of funding**

24. The current system of funding for rail is a fairly blunt instrument of taking money from either the taxpayer or the farepayer.

---

25. Each of these sources has limited ability to fund at the levels required for future growth, and therefore we will require alternative means of funding major rail projects. Such changes will also require procurement techniques reflective of current best practice which enable analysis of the potential risk and reward behind such investment. This may also require advanced profit-share arrangements that enable taxpayers to share in the success of such investments.

26. The types of improvements outlined above can be funded by a range of additional investment sources, such as

- Driving more investment by private train operators within longer franchises, as happened from 1997, with new fleets of trains ordered.
- Attracting long-term investment by banks/investors outside rail industry looking for stable returns.
- Setting business rates in regions benefitting economically from investment in better rail links.
- Creating “toll railways”—similar to M6 toll road—in which private sector invests to relieve bottlenecks and charges operators for improved journey times.

CONCLUSION

27. There remains a need for heavy investment in rail, but the industry faces some very clear funding constraints. Any investment programme needs to consider the source of funding, the need for tighter cost control as well as the priorities for investment to ensure that rail is able to attract the finance it requires to drive economic growth. It is crucial that decisions on high-speed projects do not jeopardise vital investment in the current network, which will be needed to meet customer needs over the next 15–20 years.

28. Virgin Group would welcome the opportunity to discuss its thinking with the Transport Committee.

October 2009

Memorandum from West Northamptonshire Development Corporation (WNDC) (PIR 28)

1. BACKGROUND

1.1 West Northamptonshire Development Corporation (WNDC) is one of three urban development corporations in the UK, the other two being in the Thames Gateway. WNDC was set up five years ago to facilitate growth within West Northamptonshire, specifically the towns of Northampton, Daventry and Towcester. This is a key part of the Government’s Growth Agenda, established to address the issue of a historic lack of housing supply, which has led to a shortfall of over one million homes.

1.2 As part of the UK’s biggest growth area, West Northamptonshire is expected to provide over 60,000 new homes and a commensurate level of new jobs between 2001 and 2026. The population of Northampton has doubled since 1961, and is expected to rise to 300,000 by 2026, making it on a par with established cities such as Coventry and Leicester.

1.3 WNDC falls within the larger Milton Keynes and South Midlands (MKSM) growth area which is set to grow by over 224,000 new homes and 192,000 new jobs by 2021.

1.4 A key element of WNDC’s activities in its initial five years has been to identify and evaluate what infrastructure requirements there are in order to facilitate the massive growth in West Northamptonshire. It has looked not only at roads, transport and utilities but also schools, healthcare, quality employment, public services, green open spaces and community assets. A vision to transform Northampton from a market town to a market city has been launched.

1.5 A key transport hub in the area is Northampton train station, providing access to local and national rail networks. The station is also a major “gateway” to the town, providing a visitor’s first impression of Northampton and the area.

1.6 The existing Northampton station is an outdated modular building and recent studies show that it is already approaching full capacity at peak hours of travel. The station is a direct constraint to growth and does not have the capacity to meet the expected demand that will result from the planned expansion in the area. Plans are already in hand, which are part of the rail franchising agreement with London Midland, the train operating company, to substantially increase the number of car parking spaces at the station. With the funding available through the franchise agreement, there is a window of opportunity to bring forward plans to redevelop the station while ensuring that the new parking provision fits in with the wider development plans.
2. Priorities for Investment in the Railways

WNDC will answer the issues and questions raised in the “Call for evidence” in the order that they are listed:

In the medium to long term, what should be the main objectives for investment in the railways, in order to improve both freight and passenger services?

2.1 WNDC feels that rail investment should match the growth policies being implemented by the Government. Areas identified for growth, such as MKSM and Thames Gateway, should be prioritised for rail investment for two reasons:

1. To provide the infrastructure to support the growth in these areas.
2. To place an emphasis upon rail transport as the more environmentally-friendly alternative to road travel.

2.2 In most cases, investment in infrastructure has to take place before the growth can occur. The development of London’s Docklands was stifled because proper links to the area were not created in advance. Infrastructure investment in an area is crucial for its future viability, and that investment has to happen before the growth starts.

2.3 In the case of Northampton, rail is one of the key transport modes and there needs to be investment in the station and facilities to ensure that the growing population, and businesses, have a first class station to allow access to the improving rail network.

How should these objectives be determined?

2.4 Implementing a Government policy for growth and then not reinforcing those policies by providing the associated infrastructure investment will make it far more difficult for the first policy to succeed.

2.5 If growth areas were given greater priority for rail investment, the selection of projects would need to be on merit. The criteria should be based on a positive robust transport business case which should highlight the benefits while also looking at the capacity to meet future passenger demand, scale of projected population growth, likely usage of rail facilities and services by the local population and businesses, and the size and make-up of the likely catchment area.

What is the impact of rail enhancements on the economy?

2.6 With better facilities and services, at affordable prices, the use of the railways will increase. This will offset usage of the roads and, in some circumstances, the use of air, both far less environmentally-friendly.

2.7 The provision of first class rail services and facilities will make the area served more attractive to residents and businesses. This will enhance the local economy and, in growth areas, act as a catalyst for growth.

2.8 In the case of Northampton, the station is the key that unlocks the future of the town in its transformation into a “market city”, and for the growth sought in the region as a whole. A first class train station will serve a wide catchment area, as well as facilitating housing and employment within the southern half of Northampton, one of the areas where there are particularly ambitious regeneration and growth plans.

How should long-term development of major new infrastructure, such as high speed lines, be balanced against short and medium term investment to improve capacity and passenger experience?

2.9 The two should be separate. A budget should be allocated to long term new infrastructure, and then a separate budget for short and medium term investment to improve capacity and passenger experience. In this way, investment will be more sustainable: investing for the long term future whilst also investing to improve the current short and medium term inadequacies of the system. However, there is the risk that by splitting the investment budget only half-hearted attempts can be made to meet long, medium and short term objectives.

Is enough consideration being given to the integration of rail with other transport modes, and with demographic developments, such as new housing developments, when rail investment decisions are made?

2.10 There has been a lack of co-ordination of the growth agenda amongst government departments and insufficient understanding of the strategic transport infrastructure required to make development either possible or more successful. The level of investment in Northampton’s station since designation of the town for expansion in the 1960s, and more recently the priority afforded to it in terms of service offer as part of the West Coast Mainline upgrade, has not been consistent with its continued identification as a growth area. The station has not been identified for any additional investment priority over and above that which would have been expected from standard works provided in association with franchise renewal. This means that investment levels are consistent with stations for minor settlements such as Tring. Unlike these settlements however Northampton has been identified as a major growth area in the Sustainable Communities Plan in 2003. In this context it is clear that not enough consideration is being given to demographic developments, such as new housing developments when rail investment decisions are being made.
2.11 There is also not enough consideration given to integration of different transport modes generally. It is crucial, especially in the growth areas where there is, to some degree, a clean sheet to work on. It provides a superb opportunity to complete some joined-up thinking and integrate transport modes so that users have the flexibility to choose the most appropriate route and method to get to their destination.

2.12 In West Northamptonshire, every effort is being made to ensure integration of transport modes. If the train station is redeveloped, it will have extensive parking facilities, and also comprehensive bus links so that people from all over the region can get direct and timely access to and from the station.

Is enough consideration being given to the views of passengers in making investment decisions on railways?

2.13 No, passengers should be involved in any decision making process. As the main users of the railways, they have the best ideas for how they could be better utilised. That said, the aim would be to get more people using the railways, and that means people who currently do not use them. Their views, and what it would take to get them onto the railways, would be just as useful, if not more so.

2.14 In West Northamptonshire, the WNDC has just completed a survey of local businesses in conjunction with the local Chamber of Commerce. It has revealed how important the railways are to businesses: 75% of businesses use rail transport for business purposes and almost three quarters felt that as the town grows the station in its current state would not be appropriate.

What should be the key priorities for the next High Level Output Statement?

2.15 The key priorities for the next five years should be to prioritise investment in railways in and serving the growth areas. The current recession provides an ideal opportunity to provide a stimulus in those areas to jump start growth as we emerge from the recession, making the Government’s Growth Agenda targets far easier to achieve at that time.

2.16 In Northampton, funding the redevelopment of the train station and adding services will certainly impact upon the town, providing visible evidence to the thousands of people who use the station every day that the aspiration to transform Northampton into a city is not only taking shape but being delivered. As stated, the station is the key to unlock a lot of other opportunities to move along that path.

Is the current investment programme sufficient for the needs of the UK economy and for passengers themselves?

2.17 No, the UK lags behind other similar economies in terms of rail investment—particularly compared to the services provided in Japan and France, and even in Germany and Holland. Considering that the UK pioneered the use of trains as a mass transport means, and took it into numerous countries worldwide, it is very alarming that the UK’s rail network has deteriorated to such a degree over the last century. The UK’s reluctance to invest in the rail link to the Channel Tunnel until decades after it was opened is an acute example of this problem. Without more significant investment in rail, including station capacity, housing and economic growth will be severely constrained, impacting the socio economic wellbeing of the UK as a whole. Without increasing the capacity of Northampton station for instance, growth plans for the area, which are amongst the biggest in the UK, will not be achievable or sustainable.

In the light of the current economic crisis is it still important that projects designed to increase capacity continue on the present timescale?

2.18 Yes, the current recession will be short in terms of rail investment procurement cycles—decisions now will take a number of years to come to fruition, when the recession is only a distant memory, so it would be a mistake to slow investment or implementation. The current economic crisis gives the public sector, including the government, the opportunity to fund and therefore lead the growth of housing and employment in the agreed areas.

October 2009

Memorandum from National Express (PIR 29)

I am pleased to give below the responses of National Express to the questions raised by the Committee.

National Express has been involved in the rail industry since privatisation in the mid 1990s and has at various times been responsible for operating 13 of the franchises. During that time we were responsible for investing in over 1,000 new vehicles. Earlier this year, in our National Express East Anglia franchise, we have agreed to invest in a further 120 new and 68 cascaded vehicles to increase capacity and improve customer service as part of the DfT’s HILOS programme.

Despite the well-publicised recession-induced difficulties with our East Coast franchise, we remain committed to public transport and to the future of the rail industry.
PRIORITISING INVESTMENT IN RAIL

1. *In the medium to long term, what should be the main objectives for investment in the railways, in order to improve both freight and passenger services?*

   The Government must lead in providing clarity as to the role it requires the railway to fulfil. Once this is established, the priorities for investment will follow naturally.

   We suggest investment must be driven by three requirements (a) customer demand (b) benefits for the environment and (c) to support regional and national economic and other objectives. All these are anticipated to result in a requirement to accommodate greater volumes of movements by rail. Investment should therefore be focused on these needs—this means:

   — longer trains (or trains with more seats) rather than more frequent—frequencies are generally at sensible levels ie investment is required in trains and platform/stabling lengths;
   — where longer trains are not possible (terminal size etc) then additional services should be considered—this requires investment in trains and track/stabling capacity;
   — in the longer term, where this appears challenging, investment in additional infrastructure (HS2 etc) may be needed;
   — if committed to, there should then be a re-visiting of shorter-term “classic route” expansions—but such expansions should not be dropped until additional infrastructure is irrevocably committed;
   — shorter journey times to compete with, and encourage transfer from, other modes; and
   — on environmental grounds, electrification should be progressed as it opens the opportunity to use any source of generating energy and best places us to be free from escalating fossil fuel costs/security of supplies.

2. *How should these objectives be determined?*

   This needs to be a combination of pure business case assessment and additional benefits for society. This will mean fresh appraisal techniques to “value” energy supply issues and reduced use of fossil fuels etc. Moving to a greener economy by amending current activities (as opposed to investing in a greener way for new activity) is bound to increase costs generally—if this is accepted then avoiding such increases in environmental effects should be a credit to the cost of relevant rail schemes.

3. *What is the impact of rail enhancements on the economy?*

   In addition to the transitional benefits during construction, rail enhancements are a means to an end of enabling movement. It is such movements that benefit the economy. They also generally enable such movements to be made in a more environmentally friendly manner. Improving the rail product also enhances the opportunities for social mobility through greater connectivity, a key part of Regional Development Agency strategies.

4. *How should long-term development of major new infrastructure, such as high speed lines, be balanced against short and medium term investment to improve capacity and passenger experiences?*

   It is probably a fallacy to see them as competing. Spend on the big schemes is mainly on early design work in the short to medium term which is not so expensive that it needs to be seen as an alternative to physical works over the next few years. Later on the “classic” routes will in some cases (eg West Coast) need less investment in expansion as high speed routes loom over the horizon. For instance it is probable that the Stafford cut-off for West Coast would not be built as its justification is removed by the HS route.

   Major national strategic investments such as high speed routes and electrification need to be seen as separate from the normal and vital expenditure to maintain and enhance the existing railway.

5. *Is enough consideration given to the integration of rail with other transport modes, and with demographic developments, such as new housing developments, when rail investment decisions are made?*

   No and no—however it is not just physical integration that is the key need here—rather it should be to make rail (and other public transport) a more attractive proposition as an alternative to private cars—interchange improvements are a contributory factor. Car parking at stations is a key need and major expansions should be encouraged. Housing developments should take rail into account, not the other way round (this latter already happens—franchise bidders will always project their demand forecasts on the basis of known housing/business developments). We consider the Regional Development Agencies are an underutilised resource for the coordination of regional strategies. They are in a position to take a wider geographic view than local authorities and are more in line with the geographic impacts of rail. Similar organisations in Europe appear to be better able to incorporate rail as a contributor to developments.
6. Is enough consideration being given to the views of passengers in making investment decisions on the railways?

We believe so. Major investment decisions are based on the Route Utilisation Studies into which stakeholders are invited to contribute. Passenger Focus, which conducts market research amongst passengers, is an automatic member of each Stakeholder Group. They have also contributed to the development of the specification for recent franchise competitions. Smaller investments (customer information systems etc) sponsored by TOCs are based upon the market research they have undertaken.

7. What should be the key priorities for the next High Level Output Statement?

— Maintenance of the existing network, adequately funded to avoid deterioration—the railway took a long time to recover from the pre-Hatfield under-investment by Railtrack.

— Additional vehicles to increase passenger carrying capacity in response to the anticipated return to record levels of demand as the recession ends.

— Infrastructure upgrades to accommodate longer/more trains plus station/car park expansions to accommodate the additional demand levels.

— Investment in further journey time reductions to enhance the attractiveness of rail and allow economic development without additional road journeys.

— Investment in electrification coordinated with rolling stock investment to respond to environmental concerns.

— Further development of a rolling high speed network based on forecast demand for travel.

THE CURRENT RAIL INVESTMENT PRIORITIES AND THE IMPACT OF THE RECESSION

8. Is the current investment programme sufficient for the needs of the UK economy and for passengers themselves?

The settlement is relatively generous and balances with the ability to spend at these levels. Very few desired (and worthwhile) schemes have not been progressed within the HLOS requirement or in addition to the CP4 settlement. Outperformance on efficiency by Network Rail provides the opportunity for further schemes to commence during CP4 if required and justified. We urge Network Rail to achieve this outperformance.

9. In light of the current economic crisis is it still important that projects designed to increase capacity continue on the present timescale?

We believe the volume of movement may have temporarily peaked and the industry just about accommodated that level of use. However, a number of schemes to increase capacity are in progress and it is very inefficient and expensive to stop and start projects. It is both tempting and easy to stop a scheme but much more difficult and expensive to restart a scheme later once resources have dispersed. The immediate effects on demand from the recession are not expected to last very long and demand should recover at around the time much of the investment will come on stream. These schemes should continue.

Some of the schemes (eg the original full IEP programme) may be less justified with the now lower demand forecasts over the short term and some slowdown may be appropriate. Care must be taken however that this does not result in higher unit costs of the investment that does proceed. There is no evidence that the previous demand levels will not resume in a few years and the original extent of investment will still be needed.

Electrification schemes are justified on cost saving and environmental opportunity grounds and are not therefore directly affected by changed demand levels. On these grounds these should continue.

Rail investment is also a contributor to UK economic activity and curtailment could exacerbate the recession.

One of the effects of the process of privatisation has been the establishment of five year spending reviews for Network Rail. This has been very beneficial as it has provided a security of financing for the infrastructure instead of the annual variation which hindered long term planning. It is important that this feature is not lost in any response to the current economic circumstances. We believe it is possible for individual enhancement projects to be down-scoped (and thus save money) but this must be done in a manner that does not jeopardise the principle of security of funding. It should be noted however that any reduction in such projects would cause the HLOS outputs not to be delivered. We would not advocate any reduction in the HLOS safety or performance outputs as these are fundamental to maintaining customer and political confidence in the railway.

October 2009
Cogitare is a consultancy that specialises in optimising infrastructure and operational solutions to reduce costs and energy consumption while improving performance and revenues. Cogitare have worked with railway based clients to optimise and prioritise investments. This experience has been applied to provide evidence on the priority for investment in railway to the transport committee.

Cogitare would be pleased to offer any further assistance and would be prepared to provide oral evidence on the subject.

1. In the medium to long term, what should be the main objectives for investment in the railways, in order to improve both freight and passenger services?

The main objectives of railway investment should be to improve capacity, reliability, and journey time for both passenger and freight, while reducing the cost and environmental impact per passenger kilometre or freight ton kilometre. Furthermore, investment should be optimised to achieve the maximum potential customer benefits for the minimum possible costs across the system, taking into account affordability constraints, in order to offer value for money and optimal use of limited resources.

Railways deliver significant societal benefits, and to enable the railways to continue to doing so, it is essential that railway capacity meets demand. Railways must also remain competitive with other modes to encourage modal shift towards rail travel. Journey time benefits and passenger experience are essential part of a railway system’s competitiveness.

Investment in energy efficiency schemes should also be considered, particularly those having a financially positive business case.

2. How should these objectives be determined?

Objectives should be set to achieve sustainable growth and prosperity in the most economical way, aiming to maximise societal benefits while minimising societal costs. When establishing high level objectives it is essential to consider and optimise the system wide whole life costs and benefits of the whole transport network.

The objectives of any investment in railways should be determined to achieve the best possible benefit to society for the funding available. Investment objectives should also consider the cost of doing nothing. With railway networks close to capacity, doing nothing will result in overcrowding, and ultimately force passengers and freight to use less environmentally friendly modes of transport.

A number of objectives may often be considered including, societal benefits which include direct benefits brought about from railway enhancements and from indirect environmental benefits, should as a reduction in the overall levels of CO₂ emissions and the economic benefits of increase mobility of people and goods. Particular consideration of the longer term societal and economical benefits of significant journey time reductions through the introduction of a high speed network should be considered.

Objectives could consider increasing freight transported on railways, and hence establishing the benefits of this in terms of the societal benefits or reduced CO₂ emissions, wider transport system benefits of the release of road capacity should be taken into account.

Other objectives could include faster movement of people, either on a national and international level (eg high speed) or on a local level. Likewise it is essential to determine the societal benefits.

It could be argued that any investment in railways will lead to some societal benefit. It is essential to perform detailed analysis on a transport system level, to establish which investments could potential result in the biggest benefit, in order to enable prioritisation.

3. What is the impact of rail enhancements on the economy?

Technological enhancement and increased mobility are cited as the most important factors in economic growth. Railway enhancements play a crucial role in the improvement of mobility of both people and freight.

In addition to the long term benefits of railway enhancements on the economy any investment will have a positive impact on the UK economy proving new opportunities for jobs and technological developments.

4. How should long-term development of major new infrastructure, such as high speed lines, be balanced against short and medium term investment to improve capacity and passenger experiences?

Analysis of short term societal benefits of not performing short term capacity improvements should be assessed when considering long term requirements. Likewise the long term impact of not investing for the future should be considered in the analysis of the short term solution. It is also essential to consider the short term impacts on the economy and society of investment works, any customer delays as a result of short/medium term investments to improve capacity, may have significant impacts on the business cases for these options.
Capacity is undisputedly an issue that has to be dealt with in the near future in the UK. Decisions made on short term benefits could prove to be costly, and a long term approach to making decisions is essential. A long term strategy should be considered, taking into account the whole life costs and benefits of a system. It is also essential that in this analysis the risk, particularly the uncertainty of the future is considered and the uncertainty of demographics, which has previously proven difficult to forecast.

It may be necessary to have some level of investment to improve short term capacity and investments of long term projects such as high speed lines. A balance the results in the best societal benefit can be achieved through systems optimisation.

5. Is enough consideration given to the integration of rail with other transport modes, and with demographic developments, such as new housing developments, when rail investment decisions are made?

Integration of rail with other transport modes is partially achieved. Ticketing systems can act as an inhibitor to this, particularly when considering delays on local modes of transport resulting in missed connections can result in the requirement to purchase new tickets for long distance railway use, a significant customer dis-benefit.

Demographics are generally considered in transportation planning, and therefore the impact on demographic should be considered with modelling tools. The predictability of long term demographic changes introduces significant risk in decision making, which should also be account for in business cases and decision making.

Integration of freight transport is also limited, particularly the linking of ports to the railway system to allow rail freight transportation to be link with maritime transportation, potentially allow greater utilisation of maritime transportation.

6. Is enough consideration being given to the views of passengers in making investment decisions on the railways?

Views of passengers vary significantly, and therefore including there views on high level investment decisions is an impossible task. Likewise it is important to attempt to capture the view of customers and potential customers. Ambience benefit is an essential (societal) benefit related to the passenger view, both to improve the experience of the existing passenger and to attract prospective passengers. Ambience benefits are often difficult to capture. Mystery shopper surveys used on the London Underground enable these views to be captured. Some level of assessment of ambience effects should be considered in decision making processes, allow issues (such as station environments) to be accounted for. Quantification of these benefits is an important challenge to allow appropriate levels of investment to be made and to avoid investments (such as station improvements) which result in low benefit to cost ratios.

7. What should be the key priorities for the next High Level Output Statement?

The key priorities for the next high level output statement should consider a long term view to achieving the maximum benefits to society as a whole.

Key environmental benefits include reducing CO₂ emissions. CO₂ emissions could potentially be achieved from a modal shift of both passenger and freight transportation from air and road transport. A key factor in enabling this modal shift is the removal of the existing capacity constraints.

CO₂ emissions can be reduced further by the introduction of technologies that increase efficiency. These could include electrification schemes, more efficient driving styles or the introduction of new technologies such as hybrid trains and energy storage technology.

Journey time benefits result in a significant societal benefit for passengers and have an economic benefit. Journey time improvements also improve the attractiveness of railways, potentially improving modal share of railways. Likewise improvements to passenger experience are a societal benefit and results in wider benefits through the potential environmental benefits of any resultant modal shift.

The current rail investment priorities and the impact of the recession

1. Is the current investment programme sufficient for the needs of the UK economy and for passengers themselves?

The railways are currently experience significant investment levels. To ensure that these are sufficient it is essential that value for money is achieved and prioritisation is such that the maximum possible benefits are achieved for the investments.

2. In light of the current economic crisis is it still important that projects designed to increase capacity continue on the present timescale?

The timescales of railway investment projects a far longer than those of an economic cycle, the effects of short term economic decline should not impact on long term investment strategies. Over recent years growth in railway demand has risen at a significant rate, leading to capacity issues. The recession has resulted in a
temporary reduction in the rate of growth in passenger demand. Demand is expected to continue to grow once the recession has subsided, resulting in further pressure on the rail network. Rail investments decisions should consider long term requirements, which clearly indicate an essential requirement for further investment.  

October 2009

Memorandum from the Chartered Institute of Logistics & Transport (UK) (CILT) (PIR 31)

INTRODUCTION

1. The Chartered Institute of Logistics and Transport in the UK is the professional body for individuals and organisations involved in all aspects of transport, logistics and supply chain activity. It has some 18,000 members in numerous disciplines, including many in the aviation, freight forwarding, maritime, rail and road sectors. Because it is not a lobbying organisation, it is able to provide a considered, objective and balanced response on issues of transport policy and planning, particularly in matters which involve inter-modality. Through its structure of forums and regional groupings it provides a network for professionals in, and associated with, the transport industries to debate issues and disseminate good practice.

2. Investment in railways is highly important. It may cover a myriad of schemes, from major strategic fixed links such as High Speed 1 (Channel Tunnel Rail Link), to new rolling stock and smaller projects such as platform extensions.

3. Different management and financing structures will be appropriate to different situations. Decision-making and funding processes are likely to operate best when diversity in scale, locality and longevity of the investments can be taken into account, and when promoters reap the scheme benefits directly.

4. A main expectation of railway privatisation under the 1993 Act was that the costs of operation and hence the costs to the Exchequer would be reduced. There was little expectation of the major growth which has occurred in both passenger and freight markets. Consequently, the promotion of investment projects and how they would be organised, funded and generally advanced, was not a major consideration.

PRIORITYING INVESTMENT IN RAIL

Question One: In the medium to long term, what should be the main objectives for investment in the railways, in order to improve both freight and passenger services?

5. The aims of the railway, as with other service industries, should be to provide the services the nation wants and for which its customers and the wider community are prepared to pay a reasonable price. That does not imply that the railway should necessarily be profitable in a strict financial sense; the social and environmental benefits of rail need to be considered in any overall assessment.

6. Railway investment requires a long term view. Railway assets, such as trains and infrastructure, typically have lives of 25 or even 50 years. Trains built now are likely to be operating until about 2050. Investment expenditures are also characteristically large, and major schemes can cause substantial disruption to current operations while they are in progress.

7. In the Institute’s view, the most important investment requirement is to provide adequate capacity for the traffic the railway is likely to be carrying in the future, within a timeframe of not less than twenty years. How that capacity might best be provided is considered elsewhere in this response. Other requirements relate to the quality and reliability of what is offered. These need to be underpinned by well-informed decision-making, with management and funding processes appropriate to the desired objectives and their scale and urgency.

Question Two: How should these objectives be determined?

8. Rail investment must be driven by three requirements:
   — meeting customer demand,
   — obtaining adequate returns (which may be a mixture of financial and social), and
   — taking account of the effects of that investment on the environment and its acceptability to the wider community.

All three of the above requirements are anticipated to result in a requirement to accommodate progressively greater volumes of movement by rail as time progresses.

9. Growth will not be uniform throughout the railway businesses, or indeed throughout Britain. Each of the main markets of long distance, London & South East commuter traffic, Regional services and freight will need separate consideration. Indeed, for local investments it is possible that different communities will favour different solutions to similar problems.
10. Over recent years, demand growth has been met primarily by making better use of exiting facilities. Variations in demand often mean that capacity is highly constrained for only short periods of the day and for only a relatively small number of services. In some instances, therefore improvements could be achieved simply by making modifications to service patterns.

11. However, given the growth in the recent past, it is likely that most of these “easy options” to accommodate more rail traffic have been explored and implemented. The railway is reaching the end of what is achievable in this way. In the Institute’s opinion, further large scale increases in demand will have to be met by correspondingly large scale and also costly infrastructure works.

12. Making more capacity available can be achieved by providing longer trains, or more frequent trains, or differently configured trains (such as the Intercity Express Programme which has seats in place of a loco and trailer car). That involves investment in trains and platform lengths/stabling facilities, possibly with new signalling as well. These actions can dramatically increase capacity on particular routes or in particular areas.

13. However, at many of the most capacity constrained parts of the network, where growth has been strongest, there are severe limits on what can be done in practical terms, and in many cases the further scope for leveraging the above solutions is limited.

14. In these circumstances, investment in additional infrastructure (High Speed 2 &c) will be needed. If a commitment of that kind is made, a parallel and wide view of services, both on the new routes and those being relieved, would be required. Investment could also be made in enhancing existing routes (eg through doubling existing single track lines).

15. Environmental objectives suggest that electrification should be progressed as it opens the opportunity to use any source of generating energy and mitigates the problems of escalating fossil fuel costs and security of supply. There is also a good business case for further electrification of main routes, including the Great Western Main Line (recently announced) and the Midland Main Line (presently in abeyance). Electric traction, with its superior performance, can in itself increase capacity on a line of route compared with diesel alternatives.

16. Gauge enhancement for freight is also important in terms of social and environmental benefits, as it would allow more freight to be transferred from road.

17. There needs to be a combination of a pure business case assessment and the additional benefits for society. This will mean fresh appraisal techniques to “value” energy supply issues and reduced use of fossil fuels &c. Moving to a greener economy by replacing current activities (as opposed to investing in a green way for new activity) is bound to increase costs generally. If this is accepted then that should be regarded as a credit in the appraisal of the cost of relevant rail schemes.

18. Decision-making and funding structures need to be re-visited to ensure that smaller scale actions and enhancements can be identified, promoted and delivered locally. Similarly, appropriate structures need to be devised or strengthened for schemes important at regional, national or international level.

Question Three: *What is the impact of rail enhancements on the economy?*

19. As a carrier of people and goods, rail brings wide benefits to the national economy as well as regional and local economies, and targeted enhancements to cater for increasing demand are likely to have positive economic benefits. Rail has particular strengths where there are large volumes of passengers or goods to be carried, particularly, but not always necessarily, over longer distances. Many cities and regions place a high value on their connectivity to other commercial centres across Britain and Europe. Thus a study for West and South Yorkshire Passenger Transport Executives suggested a new high speed line from London and linked to High Speed 1 could bring £30 billion of benefits.

20. The efficiency of rail transport saves investment costs associated with alternative transport options, including the provision of expensive urban space. For instance, trains, as the primary production unit, can be lengthened to deliver more through-put within the existing city centre footprint. Central London commuting at present volumes would not be otherwise possible. Economic benefits accrue from time saved through the increased speed of inter-city rail journeys. They already beat road (eg London to Manchester, 185 miles in just over two hours) but High Speed 2 or similar would reduce such timings significantly.

21. Rail investment/enhancement schemes also contribute to the economy by creating additional employment opportunities, and the multiplier effects associated with each scheme. A clear programme of enhancements would also facilitate the development and retention of a technical skills base for the industry in this country.

Question Four: *How should long-term development of major new infrastructure, such as high speed lines, be balanced against short and medium term investment to improve capacity and passenger experiences?*

22. It is probably a fallacy to see such schemes as competing. Spend on the big schemes is mainly on early design work in the short to medium term, which should be containable. Later, the “classic” routes such as the West Coast will need less investment in expansion, as high speed routes move towards becoming a reality. Thus it is arguable that the Stafford cut-off scheme for the West Coast would not be needed if there is a
commitment to the High Speed 2 route. Where there is a choice, there are clearly efficiencies to be obtained from designing new infrastructure from scratch, rather than upgrading existing infrastructure, but in practice there will need to be a mix of both over the network as a whole.

Question Five: Is enough consideration given to the integration of rail with other transport modes, and with demographic developments, such as new housing developments, when rail investment decisions are made?

23. No and no—however it is not physical integration that is the key need here. Rather, there is a requirement to make rail (and other public transport) a more attractive and alternative proposition to private cars. Interchange arrangements are a contributory factor, and the work with PlusBus on travel to and from railway stations can be commended.

24. At the same time, demand changes. Population numbers and the age/sex profile are not static, nor is the job market and the access required, nor the geographical areas of relative growth or decline. These need to be anticipated. It would be helpful if housing developments took rail into account. Indeed, local plans and the development of Regional Spatial Strategies often seek to drive change in a number of different ways, and rail may offer some solutions. At national level, delivering changes to the way in which transport impacts on the economy and the environment will require explicit interventions from government.

25. The need to travel and the mode of travel is driven by personal choice. As Britain becomes richer and alternatives become more attractive, the railway needs to adapt itself accordingly. Thus service quality needs to be continuously improved just to stand still and maintain market share. Many investment decisions in this category require quicker implementation and more customer focus than is currently apparent in the industry.

26. The provision of car parking at stations is highly variable in its availability and capacity. Much of the present provision is based on a re-use of land once used for railway goods yards, but a more systematic approach might enable major expansions to take place and this should be encouraged.

Question Six: Is enough consideration being given to the views of passengers in making investment decisions on the railways?

27. As noted above, investment decisions can, and need to be made at many different levels. Investment decisions are currently based on the Route Utilisation Strategies to which stakeholders, including operators, are invited to contribute. Passenger Focus is an automatic member of the Stakeholder Group.

28. However, while informed inputs are valuable, investment decisions are based on long term requirements and objectives, and this is not the main concern of most passenger groups.

29. The objectives and requirements of Network Rail and stakeholders may vary. Network Rail has no direct involvement or commercial interest in passenger revenue, which is a key indicator of the attractiveness of services. Neither do Network Rail’s objectives relate specifically to customer satisfaction, or the delivery of wider economic, social or environmental benefits. Route Utilisation Strategy production has been a lengthy process, following which funding is subject to approval through the High Level Output Statement and Office of Rail Regulator’s review. This process is far removed from the end customer.

30. Decision-making and funding structures need to ensure that smaller scale actions and enhancements can be identified, promoted and delivered locally. Similarly, appropriate structures need to be devised or strengthened to successfully deliver schemes important at regional, national or international level.

Question Seven: What should be the key priorities for the next High Level Output Statement?

31. The continued maintenance of the existing network to avoid deterioration is essential. More vehicles will be needed to increase carrying capacity in response to an anticipated return to record levels of demand, whilst any environmental policy interventions promoting rail will increase demand further. Delivery will require infrastructure updates, some of which may be very costly.

32. Investment in electrification will need to be co-ordinated with rolling stock investment so that the right balance of fleet vehicles is achieved overall.

33. The further development of a rolling high speed network based on the forecast demand for travel will need considerable amounts of planning work, which itself will need to be funded.

CURRENT RAIL INVESTMENT PRIORITIES AND THE IMPACT OF THE RECESSION

Question One: Is the current investment programme sufficient for the needs of the UK economy and for passengers themselves?

34. The present settlement is broadly appropriate and takes account of the ability to spend at these levels. Gearing up to higher levels of industrial activity takes time, in the securing of any necessary permissions, plan finalisation, the supply of equipment and materials, and the recruitment and training of the necessary staff. Very few desired (and worthwhile) schemes have not been progressed within the High Level Output Statement requirement and outwith the fourth Control Period settlement. Outperformance on efficiency by Network Rail provides the opportunity for further schemes to commence during Control Period Four if required and justified.
Ev 152  Transport Committee: Evidence

Question Two: In light of the current economic crisis is it still important that projects designed to increase capacity continue on the present timescale?

35. It is very inefficient and expensive to stop and start projects. Depending on the stage reached, the money already spent may make continuation the cheaper option. There is unlikely to be an alternative use for such assets. There is also no evidence that the previous demand levels will not resume at around the time much of the investment will come on stream. Rail investment is also a contributor to UK economic activity and curtailment would exacerbate the recession.

October 2009

Memorandum from Wandsworth Council (PIR 32)

EXECUTIVE SUMMARY

1. The Council believes there should be three top priorities for railway investment:—firstly the relief of overcrowding on trains and at stations in the London area; secondly the expansion of orbital rail services around London; and thirdly the development of a high speed rail route to the north of the United Kingdom to reduce the demand for air transport.

INTRODUCTION

2. Wandsworth Council is the local authority for Clapham Junction, Battersea, Wandsworth, Putney, Roehampton, Balham, Tooting and Earlsfield. Our residents also use railway stations in Barnes and Streatham. The Council receives many complaints from residents who are unable to board trains in the morning peak, about the crowded state of some railway stations, and about poor facilities at stations. This document provides an officer level response, based on recent resolutions of the Council’s Executive to lobby for improvements to rail services.

PRIORITIES FOR RAILWAY INVESTMENT—RELIEF OF OVERCROWDING

3. Overcrowding on local rail services is a source of great local concern and frustration. The regeneration of parts of our Borough, particularly along the River Thames, is resulting in a large increase in the number of people choosing to travel by train. It is already impossible for some passengers to board certain trains in the morning peak. By 2019 Network Rail’s draft South London Route Utilisation Strategy forecasted that Wandsworth would contribute the highest number of additional journeys to Central London in the AM peak of any local authority in the strategy area (Figure 6.3 of the draft Strategy, July 2007).

4. The railway industry has been proposing in various documents to lengthen local train services and station platforms, and to bring Waterloo International back into domestic use, but so far no tangible results have been delivered, and plans for significant station improvements have not been forthcoming. The Council is now becoming increasingly concerned that these proposed improvements will not be delivered within the current Control Period timescale and budgets, as currently programmed. If this proves to be the case, it is most important that funding is made available for the next Control Period, after 2015, so that these works can be delivered. Failure to do this will condemn local residents and workers to years of intolerable travelling conditions, and will adversely affect the regeneration of our Borough, and London in general. It will also contribute to increasing congestion on the roads and bus services as commuters adopt alternative travel arrangements.

5. The Council believes that disproportionate attention is given by the railway industry to lucrative long-distance commuter routes and the improvement of main termini, due to the commercial instincts of private operators, franchising and financial arrangements, and to Government policy. However, investment in local London services would better complement planning and transport policies by making it more attractive for people to live close to employment and services, and thereby reduce the need to travel long distances.

—EXPRESSION OF ORBITAL RAIL SERVICES

6. Clapham Junction is a strategic interchange between radial rail services into Waterloo and Victoria, and orbital services via the West London Line (WLL) to Willesden, Stratford, Watford and Milton Keynes. The orbital services provide an invaluable route around congestion at Central London termini and on Underground services, particularly the Victoria Line between Victoria and Euston and Kings Cross. The Victoria Line is regularly so crowded that passengers have to be prevented from accessing the platforms at Victoria Station. Consequently orbital rail services have seen a steep rise in patronage levels as services have been improved, new developments implemented in West London, and two new stations opened at Shepherds Bush and Imperial Wharf, Chelsea. However, service improvements are being out-stripped by demand, which will increase further when the East London Line is extended to Clapham Junction in 2012, providing further orbital links eastwards towards Docklands.

7. Whilst Transport for London (TfL) are planning to increase capacity on their Overground services, no improvements are planned for longer distance orbital services northwards via Watford or southwards via Croydon. Orbital services to Gatwick Airport and Brighton were withdrawn last year, as were cross-country
services to Birmingham. These services are particularly important for less mobile passengers, or those with heavy luggage, who find it difficult to change trains and use Underground services. Difficulties of timetabling, short platforms and lack of rolling stock are preventing service improvements, and removing the opportunity to relieve congestion both on this orbital route and also on the alternative radial routes through central London which would benefit. Restoration of the orbital link to Gatwick Airport would enhance rail travel around London, and provide an attractive alternative to using the private car, thus reducing traffic congestion on local roads and on the M25 Motorway. Improving this orbital rail corridor would represent a more effective use of resources than attempting further costly upgrades to transport infrastructure in central London and also costly road building to relieve highway congestion.

—HIGH SPEED RAIL ROUTE TO THE NORTH

8. The Council is a founder member of the 2M Group of local authorities, concerned about the environmental impact of Heathrow expansion on their communities. The Group, which took its name from the two million residents of the original 12 authorities, now represents a combined population of five million people. The Group believes that a high speed rail route would offer a more environmentally friendly option than short-haul air travel. It believes that current options for a high speed route should be the subject of an urgent independent cost-benefit review. It believes that high speed rail services could offer a viable alternative to 159 flights from Heathrow. Destinations would not only be within the UK but via High Speed One to Frankfurt, Paris, Brussels and Amsterdam. This would be equivalent to approximately 24% of Heathrow’s flights. Investment in high speed rail would relieve congestion on parts of the existing railway network and could potentially bring lasting environmental benefits to the UK.

September 2009

Memorandum from the West of England Partnership (PIR 33)

SUMMARY

— Priority investment in more trains, greater capacity, Portishead reopening, Greater Bristol Metro, electrification of Great Western mainline, implementation of the Great Western Route Utilisation Strategy.
— Passenger demand in the West of England up 15% in 2007–08.
— Concern over delivery of new rolling stock and Regional Funding Allocation 2 rail schemes.

1.1 The West of England Partnership Office on behalf of the four councils of Bath and North East Somerset, Bristol City, North Somerset and South Gloucestershire submits this evidence to the Transport Committee.

1.2 The West of England area with a population of over one million out performs Manchester and Birmingham and is second only to London in economic output. It is the main focus for shopping, cultural activities, education and tourism in the South West. With over £3 billion of potential development sites available and 92,500 new homes expected through the draft Regional Spatial Strategy by 2026 transport investment and particularly rail is vital for the area’s continued economic and social success.

PRIORITISING INVESTMENT IN RAIL

1.3 We believe that the priorities for investment in rail for the West of England sub-region should be:
— More trains and more capacity—full delivery of the planned 1,300 extra train carriages and lengthened platforms.
— Implementation of key measures to increase capacity and services in the Great Western Route Utilisation Strategy, September 2009 Re-opening of the railway line to Portishead.
— Implementation of the Greater Bristol Metro proposals for half hourly cross Bristol suburban train services.
— Measures which support the objectives of the South West Rail Prospectus.
— Electrification of the Great Western Mainline to Bristol via Bath and Bristol Parkway by 2016 with extension to Weston-super-Mare.
— Improving reliability and safety, reducing delays, minimising environmental impact and improve accessibility. Schemes to include resignalling Bristol Temple Meads and Keynsham ramps.
— Inter City Express replacement for the High Speed Trains by 2016.
— High speed rail route to Bristol and South Wales in the longer term to meet increasing demand.
1.4 These schemes should also form the basis for the next High Level Output Statement. They will support and assist the delivery of the draft Regional Spatial Strategy.

**CURRENT RAIL INVESTMENT PRIORITIES AND THE IMPACT OF THE RECESSION**

1.5 We are concerned that the current investment programme is insufficient to meet passenger needs.

1.6 Despite the recession rail growth remains high in the West of England sub-region. Surveys in November 2008 showed a 15% increase in passenger over 2007–08. Overall passenger numbers have grown by 44% over the last five years.

1.7 The funding of a three train every two hours service on the Severn Beach line by Bristol City Council has lead to a 22% increase in passengers since May 2008.

1.8 Existing services have suffered from short formed trains leading to overcrowding and passengers left behind on stations.

1.9 The recession would not appear to be having an impact on the rail services in the West of England.

1.10 This makes us all the more anxious that the Rolling Stock Plan, January 2008 for 1,300 new carriages is being delayed. The accelerated delivery of 200 new carriages announced by the Department for Transport in December 2008, including an unspecified number for Bristol, appears to have been cancelled although there has been no formal announcement.

1.11 We are also concerned that the Great Western Route Utilisation Strategy, September 2009 will be cut back. Equally the two schemes included in the Regional Funding Allocation 2 list, for reopening the Portishead line and the Greater Bristol Metro, are vulnerable to potential cuts in Government funding.

1.12 It is imperative that all these schemes continue on their present timescales if present and future demand is to be met. Without this investment we doubt the ability of Network Rail and the train operating companies to do this.

October 2009

---

**Memorandum from Somerset County Council (PIR 34)**

Somerset County Council welcomes the increased priority afforded to rail investment in recent years as an important part of the development of the nation’s transport network. A number of these schemes have the potential to produce significant benefits for Somerset and its connectivity to key destinations. Nevertheless, concern exists over the provision of infrastructure to support local services which, as well as being valuable in its own right, would form a vital component of many trips using these major developments.

This concern and a number of other issues are developed further in this response, which is structured according to the questions posed in your press notice.

**PRIORITISING INVESTMENT IN RAIL**

*In the medium to long term, what should be the main objectives for investment in the railways, in order to improve both freight and passenger services?*

It is important that the objectives for rail investment include a set of high level aspirations based on a vision of the contribution the mode should make to the country. This would help ensure the direction of rail policy is both correct and aligned with wider transport policy thought. The use of specific targets (such as reliability or capacity improvements) as top-line objectives should be avoided.

Details of key issues for Somerset are provided in response to question 4 below.

*How should these objectives be determined?*

These objectives should of course be aligned with, or at least linked to, wider national policies. For the purposes of promoting the involvement of local authorities in rail developments, it would be particularly useful if they were linked to the five national priorities from the Department for Transport’s Guidance on Local Transport Plans. This would allow greater integration of policies in the future, allowing greater synergy between the outputs.

*What is the impact of rail enhancements on the economy?*

Both the costs and benefits of rail enhancements can be considerable. Whilst improvements can act as a catalyst for economic development, they can make areas not covered by (or on the periphery of) schemes relatively inaccessible. As such it is important that investment is structured to ensure the gaps between regions’ economic growth are not exacerbated.
How should long-term development of major new infrastructure, such as high speed lines, be balanced against short and medium term investment to improve capacity and passenger experiences?

Major infrastructure has a crucial role to play in the enhancement of the rail network in order to improve its ability to compete internationally and against other modes. However for the stated benefits to be realised in many places these developments would have to be accompanied by improvements to the existing network. Without suitable local connections rail will fail to become a competitive alternative.

Somerset’s Second Local Transport Plan suggests these improvements would need to include improved services to and from Strategically Significant Cities and Towns and regional centres. This is particularly important where services are infrequent such as on the Heart of Wessex line or suffer from irregular timetabling as experienced on Exeter to Bristol line services. Widespread improvements to stations and rolling stock would also be important in making the mode suitably attractive and accessible to be competitive.

Investment should, therefore, be balanced between important major infrastructure and the medium term schemes required to make the necessary improvements in capacity, frequency and quality of other services. This need is particularly acute in areas such as Somerset where there would otherwise be a danger of becoming part of the disadvantaged half of a two class rail network.

Is enough consideration given to the integration of rail with other transport modes, and with demographic developments, such as new housing developments, when rail investment decisions are made?

There are a number of areas where integration with other modes and demographic change are problematic. However, perhaps the most important issue is the integration of the work that underlies investment decisions. It is vital that the planning and appraisal of these schemes is integrated with the parallel processes being undertaken for other modes and areas of planning. This is undoubtedly a difficult task but also an important one, which would become increasingly important if the focus on local networks noted above was to be developed.

Is enough consideration being given to the views of passengers in making investment decisions on the railways?

The views of passengers are fundamental in delivering the best investments possible, particularly in the early visioning type stages discussed above. However, it is also important to consider the views of potential passengers. Fulfilling any vision for the railways that is aligned with the principles noted above would require modal shift and is, therefore, dependant on the views of non-users.

What should be the key priorities for the next High Level Output Statement?

The next High Level Output Statement must prioritise investments that facilitate improvements in existing services, particularly in areas beyond or on the periphery of major infrastructure projects. More frequent and reliable services using high quality stations will be crucial in delivering the full journey experience necessary to realise the potential of both the network as a whole and the major investments in particular.

This should include improvements necessary to provide more regular services and extra capacity on congested routes. Attention also needs to be paid to developing freight capacity, as in many cases a lack of capacity makes the realisation of freight objectives impossible. A focus on these issues would support an approach based on the targeting of pinch points on the network, as is suggested by policies such as Delivering a Sustainable Transport System.

The Current Rail Investment Priorities and the Impact of the Recession

Is the current investment programme sufficient for the needs of the UK economy and for passengers themselves?

If the current focus on major projects is to be maintained it is unlikely that the necessary improvements to local services, highlighted above, could be delivered by existing levels of investment. As such greater priority needs to be afforded to these issues, either by reassessing the level of investment in rail or the re-prioritisation of existing rail budgets.

In light of the current economic crisis is it still important that projects designed to increase capacity continue on the present timescale?

Whilst the current economic situation has had a considerable impact on many markets it is important to note that this has not been universal. Problems in certain areas, including some of those recognised in the Draft Great Western Route Utilisation Strategy, have persisted (particularly those related to non-commuter flows). In these cases it is particularly important that capacity improvements are progressed as planned.
However, it is equally important to note that many of the projects in question have considerable lead times. As such, if delayed until capacity problems return the situation would be likely to deteriorate considerably further than it might otherwise. Whilst we recognise that economic conditions may necessitate alterations to the timescales presently proposed, these alterations should not prevent the delivery of projects designed to tackle persistent problems or delay improvements beyond the point where capacity is expected to have recovered.

September 2009

Memorandum from the Royal Automobile Club Foundation (PIR 35)

1. The Royal Automobile Club Foundation explores the economic, mobility, safety and environmental issues relating to roads and the use of motor vehicles, and campaigns to secure a fair deal for responsible road users. Independent and authoritative research for the public benefit and informed debate are central to the RAC Foundation’s standing.

2. The RAC Foundation fully recognises that both roads and railways are essential parts of the nation’s infrastructure and that there are shortages of capacity for both. Additional capacity will be needed to meet the needs of a growing population and a recovering, growing economy.

3. High level transport objectives should be clearly stated and should apply equally to the two networks. Both networks should both be given proper consideration as candidates for meeting these objectives.

4. The RAC Foundation endorses the general approach to meeting the nation’s transport needs set out by Sir Rod Eddington in his independent “Transport Study”, as accepted by the Government. Appraisal of both road and rail proposals should be carried out even-handedly, using common methodologies and taking into account properly-researched accounts of environmental impacts; greenhouse gas effects; implications for social policy; and wider economic benefits.

5. These appraisals should be properly documented and available to the public—since large quantities of public money are at stake—and open to scrutiny by parliament and official audit and regulatory bodies. Government should also be expected to show how the investment decisions it makes relate to their objectives and how they reflect appraisal outcomes.

6. RAC Foundation research\(^\text{22}\) has demonstrated that in the past, where appraisals have been carried out by government according to then-officially approved methods, investment decisions have often seemed to be seriously out of line with the priorities suggested by the “value for public money” assessments.

7. One consideration amongst many for both rail and road investments is “affordability”. National transport budgets are going to be considerably more heavily constrained than they have been in the past. That will make it more important that the schemes making the best contributions public policy objectives are selected. In other words, there needs to be full recognition that committing a lot of taxpayer funding to one scheme must mean that other, possibly worthy, schemes must be forgone. And as Eddington observed, arithmetic dictates that one large investment will preclude a large number of small ones.

8. The RAC Foundation endorses the system which now sets out a High Level Output Specification and Statement of Funds Available for the railways. It is good that the government is required to state its requirements and how much it expects the taxpayer to make available to fund them. These expectations have to be realistic because they are independently adjudicated by the Office of Rail Regulation. The result is a transparent account of what we can expect from the railways and the balance of funding between passengers through the fares they pay and the tax payer. There is no such clear and transparent process for the strategic road network; the RAC Foundation would welcome an equivalent system of a high level output specification and statement of funds available.

9. It is vital that new proposals for railway investment/and High Speed Rail proposals in particular/are evaluated within the HILOS and SoFA framework. High Speed Rail is likely to require heavy public funding support, so it is important to demonstrate this money could not be more productively spent on maintenance and enhancement of “classic” rail; or indeed on strategic road network alternatives.

10. A survey\(^\text{23}\) of the recent appraisals of high speed rail proposals within Great Britain and of the actual experiences in other countries shows that the risks are high that these ambitious schemes will not fulfil their objectives. In particular, one cannot assume that any specific rail investment will be beneficial in carbon emission terms without a careful analysis of trip patterns and plausible train loads.

11. A shortcoming of the present HILOS and SoFA system is that the time horizon is too short to properly match the strategic needs of the country or the lives of the physical assets. This short time horizon will need to be addressed in order to deal with longer-lived investments. Also, the framework will need to be made


congruent with the government’s National Policy Statement for transport for the functioning of the new Planning Act. This statement of need should consider road and rail network investments on an integrated and comparable basis.

October 2009

Memorandum from the English Regional Development Agencies (RDAs) (PIR 36)

1. EXECUTIVE SUMMARY

1.1 Rail travel is an important mode of transport for regionally based business. Approximately 92% of industries use the rail network for passenger travel and freight movements. Rail travel is also important for providing access to employment; between 40% of rail trips in the North East, rising to 69% of rail trips in London, are in relation to commuting.

1.2 Investment in the rail network is vital in supporting economic growth, creating jobs and providing sustainable transport networks for all of the English regions. Whilst the current rail investment programme delivers increases in capacity across all of the English Regions, this has been directed by transport demand planning rather than wider economic and social objectives.

1.3 Short, medium and long term rail investment programmes need to be informed and shaped by, and be able to respond to, economic and spatial planning programmes, recognising land use implications.

1.4 A full national high speed rail network is anticipated to deliver total economic benefits of around £58.6 billion to the English Regions, of which £8.9 billion are wider economic benefits. It is important that work is undertaken and progressed with speed and urgency to develop plans for a national high speed rail network which supports, and builds on, the benefits of the HS2 route, set within the context of a long term national rail investment strategy and implementation plan.

1.5 It is essential that Government and its delivery Agencies do not cut back on rail investment plans as a result of the current recession led reduction in travel demand. To do so would undermine the programmes and projects of the RDAs and other agencies which are focused on supporting recovery and longer term growth. Investment in rail projects which maintain, upgrade and expand rail infrastructure, deliver new rolling stock and provide more rail services are key to enabling this.

2. INTRODUCTION

2.1 This evidence is being submitted by Advantage West Midlands on behalf of the nine English Regional Development Agencies (RDAs). The role of the RDAs is to help transform the regional economies by connecting need and opportunity to create better places in which to invest, work, learn, visit and live. The RDAs take the lead on developing Regional Economic Strategies, which set the context for the sustainable economic development of the English Regions.

2.2 This evidence is set in the context of the Regional Economic Performance Public Service Agreement which is to “improve the economic performance of all English Regions and reduce the gap in growth rates between regions”.

2.3 The RDAs have identified transport as a top priority because it is a critical ingredient of successful and sustainable economic growth. The provision of high quality transport links aid business efficiency and support productivity. Improvements in transport infrastructure can have a very significant and a relatively swift impact on business performance, and can enable longer-term improvements, through improved enterprise and innovation.

2.4 The rail network is a key transport asset and enabler of economic growth. It is an important part of our local, regional, national and international transport networks. It provides vital connections for businesses that serve domestic and international markets in terms of business travel, access to a good supply of labour, freight movements and leisure and tourism markets.

3. THE VALUE OF RAIL TO REGIONAL ECONOMIES

3.1 The total proportion of travel by rail (averaging around 5% of all journeys) is a relatively small proportion of the total passenger journeys in the UK compared to other modes such as the private car, walking and bus. However, rail is very important for supporting business activity across the English Regions; approximately 92% of industries use the rail network for passenger travel and freight movements.

3.2 The use of the rail network for travel as a percentage of total regional travel by all modes varies across the English Regions from 1% in the South West to 12% in London in 2005–06. The percentage use is related to the availability of rail routes and services, as well as geographic, economic and demographic influences. Regions with large urban centres are generally more reliant on rail services than those that are predominantly rural. Around 65% of all rail journeys are between locations within regions and 35% are longer distance inter-regional travel.
3.3 Figure 1 below which shows rail trips by region and journey purpose highlights the importance of rail travel in providing access to employment across the English Regions; over 40% of rail trips in the North East, rising to 69% of rail trips in London, being used for commuting. Rail travel, as a mode of transport, is increasingly important for commuting into towns and cities outside of London and the South East.

![Rail Passenger Journey Purpose By Region](image)

Source: DfT, National Rail travel survey

3.4 Rail travel is also an important mode of transport for businesses: 15% of journeys in London and the East of England rising to 25% of journeys in the North East and South West are related to business purposes. Rail travel plays an important role in supporting regionally based businesses, and therefore business competitiveness, particularly for regions more distant from London and for longer distance journeys.

3.5 The rail industry supports a number of jobs across the English Regions, employing nearly 48,000 people in 2007. Growth in the use of the rail network between 2000 and 2007 has also led to an increase in the number of rail related jobs in the regions. Jobs in the rail industry have grown by 82% in the North East and 124% in London over that time whilst rail industry jobs in London, North West and West Midlands have declined. A detailed understanding of why this is the case has not been identified but is thought to be the result of restructuring in the rail industry, linked to the outsourcing of works such as cleaning, which leads to employment accruing to different regions.

<table>
<thead>
<tr>
<th>Region</th>
<th>Employment in rail</th>
<th>% of regional employment</th>
<th>Growth in employment from 2000 to 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>North East</td>
<td>907</td>
<td>0.06%</td>
<td>82.86%</td>
</tr>
<tr>
<td>North West</td>
<td>2,224</td>
<td>0.05%</td>
<td>-16.70%</td>
</tr>
<tr>
<td>Yorkshire &amp; the Humber</td>
<td>6,876</td>
<td>0.21%</td>
<td>9.19%</td>
</tr>
<tr>
<td>East Midlands</td>
<td>2,320</td>
<td>0.09%</td>
<td>35.43%</td>
</tr>
<tr>
<td>West Midlands</td>
<td>3,647</td>
<td>0.11%</td>
<td>-38.44%</td>
</tr>
<tr>
<td>East of England</td>
<td>2,207</td>
<td>0.06%</td>
<td>23.92%</td>
</tr>
<tr>
<td>London</td>
<td>13,745</td>
<td>0.27%</td>
<td>-18.46%</td>
</tr>
<tr>
<td>South East</td>
<td>9,789</td>
<td>0.19%</td>
<td>124.42%</td>
</tr>
<tr>
<td>South West</td>
<td>5,172</td>
<td>0.17%</td>
<td>77.06%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>46,877</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Annual Business Inquiry

3.6 There is currently a gap in data and information regarding the impacts and implications of rail travel and the rail industry to the competitiveness of regionally based businesses. The RDAs are planning to undertaken further work to gain a more detailed understanding of this.
4. **Ensuring the Objectives for Rail Investment Contribute to Delivering Regional Objectives and Sustainable Economic Growth**

4.1 Each Region’s Economic Strategy sets out the vision for sustainable economic growth and includes key regional objectives which align with other regional strategies, including spatial planning, housing, transport and land use.

4.2 The availability of good rail connections that enable and improve access to employment, markets, and business partners through: reduced journey times; improved access for passengers and freight to urban centres and international gateways; and the availability of adequate capacity are key to supporting business competitiveness. These factors will influence where businesses choose to invest and locate, and the mode/s of transport that their employees, customers and suppliers choose to use. It is therefore important that in developing further investment programmes for rail, regional spatial and economic plans are taken into account.

4.3 The objectives for rail planning and investment should be integrated with, and support, wider regional economic and social objectives. It is important that DfT National Network Division and Network Rail work closely with the RDAs to better guide the rail investment objectives to take a greater account of regional economic objectives.

5. **The Relationship Between Current Rail Investment Programmes and the Output Gap**

5.1 Figure 2 shows expected capacity increases arising from the planned investment and regional GVA output gaps. The planned capacity increases are well-spread across the regions with significant capacity increases in regions where GVA per capita is below the national average. However, this is more by luck than design. The rail industry investment planning process does currently define investment criteria in terms of realising regional economic growth objectives.

6. **Maximising the Potential of Future Rail Investment for Regional Economies**

6.1 The planning process for investment in CP4 through HLOS provided only limited opportunities for stakeholders such as regional authorities to identify and suggest investments that would benefit the regional economies. Also, the 2008 NAO report on rail franchising noted that regional stakeholders had inadequate opportunities to contribute to franchising specifications, including planned investments.

6.2 This governance process has prevented some rail schemes which contribute to delivering a region’s objectives from being prioritised. The principal reason for this is the lack of physical alignment of planning geographies. Government should consider ways to integrate these for the Control Period 5 2014 to 2019. In particular, it is important that investment in rail projects is prioritised in a way that supports the delivery of regional goals. This should, in part, be done through the Delivering a Sustainable Transport Strategy (DaSTS) process ensuring that regional studies, and those being taken forward by the DfT’s National Networks Division, align. In addition, processes are put in place to ensure that regional partner’s interests are given greater consideration in rail planning and investment processes.
6.3 Rail investment also needs to be considered alongside investment in other transport modes recognising other spatial and economic drivers. Government is investing in the regions through the Regional Funding Allocation process; regions are ensuring that funding for transport, housing and economic development are aligned, and phased to enable delivery of projects which maximise the benefits of Government funding at regional level. Rail planning and investment programmes should align with regional funding programmes.

7. **Ensuring High Speed Rail Benefits all of the English Regions**

7.1 The RDAs support the development of a national network of high speed rail routes. The delivery of a full national network is key to opening up economic potential by improving the speed of access to locations across the English Regions; supporting regional competitiveness and inward investment opportunities resulting in improvements to regional economies and contributing to the delivery of the REP PSA. Recent research undertaken by Greengauge21 suggests that a full national high speed rail network will deliver total economic benefits of around £58.6 billion to the English Regions, of which £8.9 billion are wider economic benefits.

7.2 In order to take full advantage of the potential economic benefits the station locations and routes need to be identified to maximise regeneration, efficiency and productivity impacts across the English Regions. In addition, it is important that the timescales and programme for delivering a network of high speed rail routes considers and minimises distortions to market competition across the English Regions. It is therefore important that a high speed rail network is developed in the context of a national rail investment strategy to ensure that current and planned investment in the classic network is delivered in a way that makes sure locations on the routes delivered later in the programme have the best levels of connectivity in the interim.

7.3 The RDAs believe that there is a need for work to be undertaken and progressed with speed and urgency to develop a wider high speed rail network which supports, and builds on, the benefits of the HS2 route, set within the context of a long term national rail investment strategy and implementation plan.

8. **Impact of the Recession**

8.1 The recession is having a direct impact on employment figures across the English Regions. Whilst this is leading to a cross modal reduction in travel demand in the short term it is essential that Government and its delivery Agencies do not cut back on investment over the short, medium and long term, undermining programmes and projects of other agencies to support recovery and longer term growth. Investment in rail projects which maintain, upgrade and expand rail infrastructure, deliver new rolling stock and provide more rail services are needed to help support recovery, boost regional productivity, inward investment, provide connectivity and enhance competitiveness.

October 2009

---

**Memorandum from the Office of Rail Regulation (ORR) (PIR 37)**

**INTRODUCTION**

1. As the independent safety and economic regulator of Britain’s railways, we promote safety and value in the railways. We do this by:

   — monitoring, and where necessary enforcing, delivery by the industry of its regulatory obligations. We are safety regulator for all railways in Great Britain; as economic regulator for the mainline railway we focus primarily on delivery of Network Rail’s obligations;

   — carrying out periodic reviews of the mainline railway to set Network Rail’s outputs and funding and provide assurance to users and taxpayers about the company’s efficiency; and

   — using our powers concerning access to the network and other railway facilities, industry codes and cooperation arrangements, licences and competition law, and keeping under review the framework of relationships within which the different parts of the industry work together.

We set out our approach in our strategy “Promoting safety and value in Britain’s railways”, published in December 2009.24

2. In this document we set out views on the questions raised by the Committee’s call for evidence.

In the medium to long term, what should be the main objectives for investment in the railways in order to improve both passenger and freight services?

3. The railways can make a significant contribution to achieving environmental, social and economic objectives such as sustainable economic growth and carbon reduction, and society is likely to expect a bigger contribution in the future.

4. But the railways can only make this bigger contribution if they can have the capacity to carry more traffic, and if they meet the needs of customers. Over the next 25–30 years the railways are likely to need to be able to carry double the current levels of passengers and freight, requiring better use of existing infrastructure and also significant investment in more capacity. Customers will be more demanding of service and value for money. So alongside continued investment in capacity there will need to be investment focused on specific customer needs and improving the customer experience.

5. The railways will also need to maintain their position as an environmentally friendly mode of transport as other modes improve.

6. Recent years have seen very significant investment in safety improvement, with new trains and the train protection and warning system. We believe further improvement is possible, largely through better management processes and safety culture, but there may also be scope for some specifically targeted investments.

7. The industry cannot assume that there will be continued public investment to improve the network if it does not continue to improve efficiency and represent good value for money. So it will also need to invest to improve efficiency and thus the value for money to users and taxpayers. It will need to innovate and harness new technology and build its capability and competences in support of this.

How should these objectives be determined?

8. We believe the process set out in the Railways Act 2005, whereby government is required to set out what it wants from the railways and how much money it has available, and we determine what can be achieved for the money available, and the implications for Network Rail outputs and funding, has worked well. The periodic review that we concluded in 2008, covering the five-year control period from 2009 to 2014 was the first review under this new process. The independent assessment of the periodic review that we recently published confirmed our view that the process had worked well. We were able to give assurance to government and users that Network Rail’s funding reflected challenging efficiency improvements, and our work demonstrated that the company needed to make very significant improvements to match comparable railways.

9. For the next periodic review covering the control period from 2014, it will be important for government to set objectives for the railways for the medium and longer term, as well as specific requirements for the five-year control period. Experience with the last review demonstrated the benefits of involvement of devolved and local funders—in the case of Scotland Scottish Ministers set their own objectives and funding.

10. The rail industry has a key role in setting out what the options for the future are, and we see the “Planning Ahead” work begun by Network Rail and passenger and freight train operators as a key contribution. It will be important that this work fully takes into account the priorities of passengers and freight users, and identifies ways in which the industry can deliver government objectives and user needs, and achieve significant further improvements in efficiency.

What is the impact of rail enhancements on the economy?

11. There is a growing body of work demonstrating that investment in improved transport connections, and particularly in rail, has significant effects on improving economic performance, particularly by improving connections between major cities, and transport within the city regions. It will be important to improve this understanding as part of industry planning for the next control period.

How should long term development of major new infrastructure, such as high speed lines, be balanced against short and medium term investment to improve capacity and passenger experiences?

12. This is a key issue for the rail industry and for government. Both new infrastructure and ongoing renewal investment is required. Our 2008 periodic review funded a major programme of infrastructure renewal, and further renewal of key assets will be required in subsequent control periods. Our strategy emphasises the importance of improved whole life asset management in the industry as a means to ensure value in renewals, and most efficient delivery of enhancements.

13. The railways cannot, however, stand still and further enhancement over and above that already committed in control period 4 is likely to be needed in the future. The regulatory mechanisms in place mean that such investment can be paid for over the lives of the assets. An effective industry planning process is a means by which short term needs can be assessed alongside the longer term strategy.
Is enough consideration given to the integration of rail with other transport modes and with demographic developments, such as new housing developments, when rail investments are made?

14. We believe there is scope for improvement in this area, and this is recognised by the UK government and the devolved and local funders of the railways. Network Rail’s route utilisation strategies are a key means by which all the factors likely to affect rail demand on a route are taken into account. It is not a one way process—those promoting developments and issuing planning approvals need to consider the transport implications carefully.

Is enough consideration being given to the views of passengers in making investment decisions on the railways?

15. ORR has made meeting the needs of customers one of the key themes of its strategy—if the railways do not meet passenger and other user needs they are not fit for purpose.

16. We believe there is scope for more involvement of passengers and freight users and their representatives in industry planning. The route utilisation strategy process, operated by Network Rail as a condition of its licence, is an example of such a consultative process. For the industry planning for control period 5 and beyond, it will be important to understand and reflect user priorities, and we are considering how this can best be done in our periodic review process.

What should be the priorities for the next high level output statement?

17. We expect that the next high level output statement, alongside the statement of funds available, will be required in summer 2012. At this stage the priorities are:

— Delivery by the industry and particularly Network Rail of what is required in control period 4
— Articulating the key challenges that will need to be addressed in control period 5 and beyond, how the railway can best meet them, and how it can significantly improve its efficiency. We believe it is important that the “Planning Ahead” work does this during 2010, with development of a more detailed plan during 2011.

Is the current investment programme sufficient for the needs of the UK economy and for passengers themselves?

18. The 2008 periodic review set out a major programme of investment in the railway infrastructure, totalling £7.6 billion, to benefit passenger and freight users. Alongside this, government set out a programme of investment in rolling stock, and Network Rail was funded for an extensive (£10.8 billion) infrastructure renewal programme. There is, however, flexibility in the programme. Since the periodic review determination governments have made additional commitments such as Crossrail, the Edinburgh—Glasgow route improvement programme and electrification on the Great Western and Liverpool—Manchester routes.

19. We believe that, taken as a whole the programmes set out in the periodic review and the subsequent changes go a long way to meeting the needs of users and the economy, and the immediate priority for Network Rail and its industry partners is to ensure these programmes are delivered on time and efficiently. In itself this will be a big challenge, and among the themes in our strategy are effective monitoring of this, and ensuring the industry has the capability and information necessary to secure delivery.

20. The industry planning work outlined above will be critical to ensuring the right investment programme beyond the current control period.

In the light of the current economic crisis, is it still important that projects designed to increase capacity continue on the present timetable?

21. We believe that the longer term prospects for the railways remain very positive. Given that railways are a long term business, often with long lead times for planning and implementing investments, it is important not to over-react to short term economic conditions. We recognise that in some cases it may be sensible to reprioritise or change the timing of enhancements. This should not be at the expense of the longer term efficiency and sustainability of the railways.

22. Investment in Network Rail’s infrastructure to enhance capacity is financed by borrowing, and paid for over the life of the assets. This is a sensible economic approach to such long-term investment. It does mean the short term expenditure savings to government through stopping capacity enhancements are generally small.

23. The current economic climate reinforces the importance of improving the efficiency of the industry and the value for money it offers to users and taxpayers. This is an area where will continue to use our powers and influence to secure improvement.

October 2009
Supplementary memorandum from the Office of Rail Regulation (ORR) (PIR 37A)

Q. The ORR's National Rail trends appears to show that passenger traffic has grown by 73% since privatisation. Could the ORR please confirm whether this is correct?

A. I can confirm that passenger traffic has grown by 73% since privatisation.

Q. Network Rail is to make 21% efficiency savings over CP4. Network Rail have said separately they must make £4.1 billion efficiency savings over CP4. Could the ORR confirm whether the 21% target equates to £4.1 billion and, if not, how much it equates to.

A. £4.1 billion is not the correct figure for efficiency savings required. It actually refers to the total difference between NR’s Strategic Business Plan (SBP) submission and our Periodic Review Determination for CP4 and includes elements of expenditure which are not subject to the 21% efficiency improvement target (typically capital expenditure). The 21% efficiency improvement target only covers maintenance, renewals, and controllable operating expenditure items. In money terms for NR, it equates to (slightly in excess of) £2.6 billion.

January 2010

Memorandum from The Northern Way (PIR 38)

SUMMARY

— This submission is by the Northern Way, the partnership led by North West Development Agency, One North East and Yorkshire Forward established to promote the North’s productivity and output growth.

— The Northern Way has identified that the rail network has a key role to play in supporting the North’s sustainable economic growth.

— However rail capacity and capability constraints are a threat to the North’s economic growth.

— Our evidence shows that rail can support the North’s economic growth through faster links to London as well as between the North’s city regions, and through increasing the connectivity and capability of the rail networks that link and serve the North’s city regions.

— Our evidence has led the Northern Way to identify four critical Strategic Delivery Gaps which need to be addressed if rail is to help maximise the North’s economic prospects. These are:
  — The need to develop and then implement a long term solution to the capacity and capability constraints around the Manchester Hub that benefits the North’s economy as a whole.
  — Rail gauge enhancements to allow carriage of the latest generation of inter-modal containers to and from the North’s major ports and between the North and the south coast ports and Channel Tunnel.
  — Rail rolling stock beyond provision in DfT’s 2007 High Level Output Statement.
  — Long term strategies and programmes to enhance the capacity and capability of trans-Pennine and North-South rail links, including the development of a high speed rail network.

— Even with a national high speed rail network, investment in the existing north south lines will be required. This is because they will run out of capacity in advance of any high speed links and there is a need to minimise any competitive disadvantage to city regions not served by early phases of the high speed network. A national long distance rail strategy that identifies the configuration of a national high speed network and a strategy for the existing main lines is essential.

— The Northern Way is concerned that there is no investment strategy for the North’s rail network beyond the end of Control Period 4 in 2014. We are also concerned that the five year cyclical funding process raises the danger of unnecessarily delaying the major rail investments that the North needs.

— Given the importance of rail investment to the North’s economy and the timescales for the planning and then implementation of major rail schemes, it is vital that project delivery timescales are adhered to. There is no scope for delaying the planning and delivery of rail investment programmes if we are to secure the transport system that a vibrant northern economy will require.

The Northern Way

1. This submission has been prepared by the Northern Way. The Northern Way is a Government-backed initiative, led by the three Northern RDAs (North West Development Agency, One North East and Yorkshire Forward). Our goal is to improve the sustainable economic development of the North towards the level of more prosperous regions by growing the North’s economy faster.
2. The 2004 Northern Way Growth Strategy Moving Forward: The Northern Way sets out how the Northern Way seeks to bridge the output gap in the North’s economy. The Growth Strategy was developed to build on the North’s three Regional Economic and Spatial Strategies. It highlights transport as a priority for transformational change. It identifies three transport investment priorities:

— to improve surface access to the North’s airports;
— to improve access to the North’s sea ports; and
— to improve links within and between the North’s City Regions.

3. The Northern Way has established the Northern Transport Compact to provide advice on transport priorities at the pan-northern level linked to productivity. Chaired by Professor David Begg, the Compact includes RDA, City Regional, and private sector members from the North’s three regions. The Compact has led the development of the Northern Way’s Transport Strategic Direction and Priorities as well as subsequent work.

4. The Northern Way’s Strategic Direction for Transport is an evidence-based assessment of the most appropriate transport interventions that will promote productivity gain, while at the same time seeking to protect and enhance the North’s natural and built environment, and contributing to the nation’s commitments regarding climate change. Looking over 20 to 30 years, it sits below the three high-level transport goals of the Growth Strategy and above the level of individual priority schemes and projects. The Strategic Direction sets out the types of interventions which will have the greatest productivity impact, as well as where in the North those interventions will have the greatest impact.

5. The Strategic Direction identifies connections from the North to London and to Heathrow as critical issues for businesses in the North, as well as for inbound tourism. It reports evidence that reducing journey times between the North and London and the South East could further stimulate productivity growth in the North.

6. The Strategic Direction highlights the finite capacity of the East and West Coast and Midland Main Lines to cater for additional passenger and freight traffic and the need for additional capacity if a detrimental effect on productivity growth in the North is to be avoided. It also highlights the need to resolve the issue of limited rail capacity of the network in and around Central Manchester (the “Manchester Hub”) that impacts across the North.

7. The Strategic Direction highlights the importance to the North’s economy of the trans-Pennine corridor, both for passengers and freight. The trans-Pennine routes link the most vibrant City Region economies in the North as well as form the spine that links all the North’s eight City Regions together. They also provide access to Manchester Airport, the most significant airport in the North.

8. The importance of rail freight and, in particular, the growing inter-modal market is also highlighted and the Strategic Direction supports the enhancement of rail access to and from the North’s major ports.

9. Having established our Strategic Direction for Transport, we then identified Short, Medium and Long Term Transport Priorities. Our prioritisation work shows that while the transport proposals being pursued by stakeholders across the North will make worthwhile contributions to productivity growth, taken together they do not allow our Strategic Direction for Transport to be met. Consequently, if the North’s productivity growth is to be maximised the “Strategic Delivery Gaps” between what is currently being promoted and what the Strategic Direction suggests will be required, need to be addressed. We have identified four critical rail Strategic Delivery Gaps:

— The need to develop and then implement a long term solution to the capacity and capability constraints around the Manchester Hub, the most significant rail bottleneck in the North.
— Rail gauge enhancements to allow carriage of the latest generation of inter-modal containers to and from the North’s major ports and between the North and the south coast ports and Channel Tunnel.
— Rail rolling stock beyond provision in DfT’s 2007 High Level Output Statement.
— Long term strategies and programmes to enhance the capacity and capability of trans-Pennine and north south rail links.
10. Since the publication of the Priorities report in 2007, we have been working with national and regional delivery partners to close these rail Strategic Delivery Gaps:

— The Northern Way led the first phase of the Manchester Hub study announced by Rosie Winterton when Minister of State at the Department for Transport. The output of our work, the Manchester Hub Conditional Output Statement, was published in April 2009. This demonstrated that economic benefits for the North’s economy of up to £16 billion can be had through the enhancement of rail services using the Manchester Hub. Due to report in January 2010, Network Rail is now undertaking Phase 2 of that study. This will identify a preferred way forward for releasing these benefits in a cost effective way. Early implementation—from the start of the next Control Period, and ideally earlier—of the preferred way forward will maximise the economic benefits to the North.

— The Northern Way supported Network Rail’s Midland and Northern Rail Routes Enhancement Project. This investigated the cost and feasibility of gauge enhancement of rail routes between the North and Scotland and the Midlands to the North’s ports and also across the Pennines. In Network Rail’s Strategic Business Plan for 2009–14 £40 million has been allocated to progress gauge clearance as part of the Strategic Freight Network. We are continuing to support Network Rail’s business case work with the goal of releasing this funding to deliver a gauge cleared East Coast Main Line, a gauge cleared route between Yorkshire and the East and West Midlands and gauge cleared access to the Tees and Humber ports by 2014.

— The North has some of the oldest rolling stock in the country and train services into our largest cities are amongst the most crowded. Through the recession commuter numbers have remained strong. DfT’s White Paper commitment to introduce new rolling stock by 2014 is welcome although we remain concerned about the rate of progress as well as the absence of a post-2014 strategy. Further electrification beyond that announced for the Liverpool to Manchester route offers a significant further opportunity to introduce higher performance, more reliable and greater capacity rolling stock to the North.

— In September 2009 the Northern Way published its high speed rail position statement Transforming our Economy and our Connectivity: High Speed Rail for the North. Informed by evidence published by Network Rail, Greengauge21 and our city region partners, as well as our own research this called for a two line north south high speed rail network with a link across the Pennines. We also are currently working with the Department for Transport to take forward its Delivering a Sustainable Transport System (DaSTS) trans-Pennine study.

PRIORITIES FOR INVESTMENT IN THE RAILWAYS

1. In the medium to long term, what should be the main objectives for investment in the railways, in order to improve both freight and passenger services?

2. How should these objectives be achieved?

11. The Northern Way has identified enhancement to the North’s transport system as one of our top priority activities. Enhancement of the North’s rail network for passengers and for freight has a key role to play in meeting our goal of growing the North’s economy in a way that also contributes to the national goal of tackling climate change through reducing carbon emissions.

12. These goals can be achieved by:

— Reducing rail journey times which leads directly to economic benefits and wider beneficial impacts to the economy.

— Enhancing rail’s connectivity for passengers, by providing new and additional linkages to London, and within and between the North’s city regions and to key international gateways such as Manchester Airport and Heathrow.

— Ensuring there is sufficient rolling stock and track capacity to cope with the increased demand that a vibrant northern economy will generate and require.

— Enhancing the rail network’s capability, through gauge clearance to enhance its ability to carry inter-modal freight traffic to and from the North’s major ports.

3. What is the impact of rail enhancements on the economy?

13. The Northern Way Growth Strategy identified the importance to the North’s economy of transport links within and between city regions, and access to ports and airports. Sir Rod Eddington reached the same conclusion in his report to Government. Rail has a key role in the sustainable provision of such links. Faster links, creating new connectivity and providing additional capacity when capacity constrains demand each lead to economic benefits. These are substantially captured in the conventional cost benefit appraisal of rail investment projects.

14. There are further benefits that are not currently captured in the cost benefit analysis framework. For example, the Northern Way has identified that reducing journey times between the North and London and the South East could further stimulate productivity growth in the North. Over and above the significant and substantial conventional transport benefits, our evidence suggests that a network of high speed rail routes...
serving the east and west of the country and linked across the Pennines could add as much as £13 billion to the UK economy through agglomeration benefits. These would benefit the whole country, and importantly such a network will have a greater impact on the North’s economy than the south.

15. Our evidence also shows:

— Enhancing links between the North’s city regions will support and facilitate future economic growth. Enhancing the trans-Pennine corridor will benefit the wider North as well as support growth of its two largest city region economies.

— Commuter rail networks have facilitated the sustainable economic growth of the North’s largest cities by supporting the growth in city centre employment. The numbers of train passengers has grown while car commuting has remained static. However, on-train crowding and the current scope and reach of the network now limits the scope for future growth.

— The strategic road network around the North’s city regions experiences network stress and congestion. This results in extended and unreliable journeys. Even with committed and planned investment this will worsen over time. Crowding on commuter and longer distance services limits rail’s potential to offer an attractive alternative to car travel.

— Linking areas of economic need with locations with stronger economic growth can support the stronger areas by extending labour markets, while at the same time facilitating spill over effects into the weaker areas.

— Manchester Airport is the most significant airport in the North and the only one connected to the national rail network. The substantial economic benefits it brings to the North will grow as the Airport grows. Surface access capacity is the most significant constraint to the Airport’s future growth. Currently Manchester Airport is accessible by rail from the North East, Yorkshire & the Humber as well as the North West. Increasing rail mode share through greater use of existing services and extending the range of destination with direct links is a preferred way to overcome these constraints.

4. How should long-term development of major new infrastructure, such as high speed lines, be balanced against short and medium term investment to improve capacity and passenger experiences?

16. The Northern Way explored this issue when we developed Transforming our Economy and our Connectivity: High Speed Rail for the North. There are two key issues that concern us. The first is that it will take at least 20 to 30 years to develop a national high speed rail network. However, evidence from Network Rail and others is that our north south main lines will reach capacity before a high speed line could be introduced. If the North’s economy is not to be adversely affected by these capacity constraints, investment is also needed in advance of high speed rail. The second issue is that city regions not well served by early phases of the national high speed network will face a competitive disadvantage. It is therefore essential that there is clarity about the Government’s long term strategy for high speed rail and that this is integrated with a strategy for the enhancement of the classic network that (a) seeks to enhance the capability of the classic lines to cater for passengers and freight and deliver benefits in advance of a high speed line while (b) supporting the long term business case for high speed rail.

5. Is enough consideration given to the integration of rail with other transport modes, and with demographic developments, such as new housing developments, when rail investment decisions are made?

17. Many rail journeys involve a feeder mode to the station at one or both ends of the journey. Those that don’t will involve walking to or from the station. Integration with other public transport modes and the local pedestrian network is vital to minimise end-to-end journey times. Also important is the integration of ticketing, which is why the Northern Way has identified the benefits of multi-modal smart ticketing as a way of enhancing the attractiveness of the North’s public transport network. Evidence shows that the Northern Way’s concept of strategic park and ride can also assist integration of rail with the strategic highways network, bringing decongestion benefits.

18. Rail enhancements can also support redevelopment and regeneration in the cities they serve. However, for this and integration with other public transport modes to happen most effectively, there needs to be a long term rail strategy in place that provides clarity for local planners, as well as commercial developers.
6. Is enough consideration being given to the views of passengers in making investment decisions on the railway?

19. Maximising the use of rail will bring economic benefits to the North. It is important that when investment decisions are made consideration is given to what passengers and prospective passengers see as barriers to rail use. This is particularly important in the North where, in contrast with the South East and despite the congestion on the North’s strategic road network, car still offers a viable alternative for many journeys.

7. What should be the key priorities for the next HLOS?

20. The Northern Way believes that the next HLOS should address the Strategic Delivery Gaps we have identified, namely:
   - Implementation of the Manchester Hub solution.
   - Further rail gauge enhancements, including to a trans-Pennine route.
   - Rail rolling stock beyond provision in DfT’s 2007 High Level Output Statement.
   - Implementation of early elements of trans Pennine and north south rail strategies as well as business case and scheme development for longer term elements, including high speed rail. The Northern Way has identified East Coast Main Line enhancements, and electrification of the Midland Main Line and the North Trans Pennine routes as priorities for inclusion in the next HLOS.

21. One of the challenges with the HLOS approach to rail investment is that the cyclical funding process has a danger of slowing the development process for major rail enhancements. Taking the Manchester Hub as a case in point, Network Rail will publish its Manchester Hub Phase 2 report in January 2010. This will set out a preferred investment strategy. While not pre-judging the outputs of that work, a number of the enhancement options that are being considered will require a lengthy development timescale. If scheme development does not commence until after the publication of the next HLOS in July 2012 (ie 2.5 years after the publication of a recommended way forward) there is a significant danger that implementation in Control Period 5 will not be possible and the benefits of the enhancement to the North’s economy will not be enjoyed as soon as they could be.

The Current Rail Investment Priorities and Impact of the Recession

1. Is the current investment programme sufficient for the needs of the UK economy and passengers themselves?

22. Beyond 2014 it is planned that the Intercity Express Programme rolling stock will be introduced into service on the East Coast Main Line. There is also the White Paper commitment to reduce journey times between Manchester and Liverpool and Manchester and Leeds. Other than this there is no investment programme for the North’s railway beyond 2014. Our evidence is that further investment is needed for rail to contribute to the sustainable economic growth of the North. Clarity is needed on the strategy for north south links, for the trans-Pennine rail network as well as for rolling stock provision beyond the current HLOS programme. As part of this an electrification strategy will also be required. In addition, strategies are needed for the commuter networks in the North’s city regions.

2. In light of the current economic crisis is it still important that projects designed to increase capacity continue on the present timescale?

23. The experience of previous recessions is that economic downturns are followed by a period of rapid growth in demand before returning to trend. The development timescales for major projects are longer than the duration of any economic downturn. It is therefore vital that project delivery timescales are adhered to. There is no scope for delaying the planning and delivery of rail investment programmes if we are to secure the transport system that a vibrant economy will require.

October 2009

Memorandum from London Borough of Croydon (PIR 39)

Thank you for allowing the London Borough of Croydon the opportunity to give written evidence to the House of Commons’ Transport Committee. We have provided our response to the specific questions posed by the Committee below.

Executive Summary

Croydon has a number of concerns that it wishes to draw to the attention of the Transport Select Committee. Croydon’s primary concern relates to passenger crowding on all trains using the Brighton Main Line at peak times (with the notable exception of Gatwick Express services), and to the possible impact on Croydon’s local infrastructure and economy of perceived prospective failure by Network Rail to deal appropriately with that issue. Croydon is also concerned over ongoing capacity issues, primarily at Clapham
Junction and on the West Coast Main Line, that have successively reduced the possibilities for strategic direct rail services between Gatwick Airport and many parts of the country via Croydon. Finally, Croydon offers its thoughts on high-speed rail services and rail freight.

**BRIEF OUTLINE OF SUBMITTER’S BACKGROUND**

I have been responsible for responding for Croydon’s Planning Regeneration & Conservation department on public transport and freight matters since late 2005. I joined Croydon in 1991 to co-ordinate the activities of all Croydon’s departments and divisions on technical aspects of developing the Croydon Tramlink scheme. Between my Tramlink activities and my public transport and freight activities I was responsible for advising a variety of senior managers, consultants and developers on the transportation aspects of development proposals in the north of the Borough and in central Croydon (including Croydon Gateway and other large development schemes). Before joining Croydon I worked for 15 years as a transportation and highway engineer in the UK, East Africa, South-East Asia and Middle East.

**PRIORITISING INVESTMENT IN RAIL**

1. *In the medium to long term, what should be the main objectives for investment in the railways, in order to improve both freight and passenger services?*

   (a) Far-sightedness is crucial. All new routes, or enhancements to existing routes, should wherever possible be passively designed to maximize potential capacity locally. This means that, for example, space should be provided to allow for possible future modification up to that higher capacity even if that future modification appears not to be currently justified. I have read that the greatest regret of the planners of the first TGV line between Paris and Lyon is that they did not allow for the massive success that the route has enjoyed in attracting traffic from other modes, principally internal air routes, and designed for only one track in each direction. Thanks to the relative generosity of the French loading gauge they are able instead to run double-deck TGV trains. The UK loading gauge is not so generous.

   (b) Improving radial links to main commercial centres is crucial. As outlined in 5d below, the prospective regeneration of central Croydon appears in my view likely to be hampered by Network Rail’s seemingly wilful failure to take account of Croydon’s plans when developing both their South London and Sussex Route Utilisation Strategies for elements of the Brighton Main Line.

   (c) Taking into account my reservations outlined in 1a below regarding what I perceive as the shortcomings of Network Rail’s Sussex Route Utilisation Strategy, I am of the view that crowding issues on the Brighton Main Line are likely to “hit a wall” shortly after the 2019 horizon of the Sussex Route Utilisation Strategy. Taking into account likely lead times for major interventions of the scale likely to be needed to address those shortcomings, I am concerned that work should start on planning those major interventions without delay.

   (d) Improving orbital connections between interchanges with radial links. The phrase “orbital connections” can cover a variety of situations. In Croydon’s case the West London Line offers the possibility of direct regional rail services between many parts of the country and Gatwick Airport, via central Croydon. In most other advanced countries this sort of strategic opportunity would be grabbed with both hands and the relevant rail infrastructure developed, particularly as it offers the option of avoiding either multiple transfers between the relevant rail terminus and London Underground, or a long journey around the congested M25. The capacity issues in question relate not to the West London Line itself, but to where it joins the South Central network at Clapham Junction, and to the West Coast Main Line.

2. *How should these objectives be determined?*

   See response on Question 4 below.

3. *What is the impact of rail enhancements on the economy?*

   (a) Enhancing existing capacity and facilities for passenger services, particularly for routes serving stations in or close to town centres, offers the potential for supporting significant redevelopment in those town centres, where the value of property tends to increase with enhanced access possibilities. This effect can itself be enhanced and spread more widely—and therefore more beneficially—across the local economy by properly integrating local transport provision with the enhanced rail facilities. As indicated in 4c below, the effective cost of doing nothing can have a negative impact on the local economy, for example by effectively blocking potential growth if existing rail capacity is significantly over-stretched, and this aspect needs to be taken into account when assessing the economic viability of a potential enhancement.

   (b) High-speed rail, provided it is introduced into given localities as an integral part of a comprehensive local development plan, offers potential benefits of a similar nature but at a higher level of improvement. In addition higher speeds bring previously-distant cities and towns much closer together, supporting efforts to regenerate run-down localities by reducing the worst extremes of accessibility differentials to key services and facilities.
(c) Enhancing available capacity and facilities for rail freight, and more actual use of rail freight taking full advantage of those enhancements, would assist companies who are currently struggling with relatively limited options for transfer of goods and with the relatively poor quality of much of the relevant rail infrastructure which itself impedes their potential expansion.

(d) We are still making heavy use today of a railway system that was mostly built over a hundred years ago. This means that the impact of rail enhancements on the economy can be very long-lasting. This last factor itself means that considerations other than traditional cost-benefit appraisal come into play: railways and their facilities can become a prominent part of the local infrastructure, and much key local development is based on accessibility to a railway station or freight terminal.

4. How should long-term development of major new infrastructure, such as high-speed lines, be balanced against short and medium-term investment to improve capacity and passenger experiences?

(a) Improving capacity is itself generally likely to be a major contributor to improving passenger experiences.

(b) Major new infrastructure such as high-speed lines can itself in certain cases (see 3b above) be a major contributor to releasing capacity on parallel existing routes that may currently be operating close to or at capacity.

(c) The key issues in weighing short and medium-term investment against major new infrastructure are effectiveness in dealing with recognised problems, value for money, timescale, and the equivalent cost of the likely outcomes of doing nothing. Each individual case must be assessed on its own merits, rather than effectively starting with a conclusion (on “political” or other grounds) and then attempting to justify that conclusion.

(d) All relevant aspects need to be analysed rigorously including, for example possible climatic, social or economic disruption. If the analysis is insufficiently rigorous (for example, as in 5d and 1a below) its conclusions will be suspect.

(e) Worse, if a third party bases their subsequent assessment of how to address another set of problems on the conclusions of that earlier analysis, that third party potentially runs the risk of the conclusions of their own assessment becoming suspect. There would be a “house of cards” effect because of the potentially huge sums of money involved.

5. Is enough consideration given to the integration of rail with other transport modes, and with demographic developments, such as new housing developments, when rail investment decisions are made?

(a) It is often difficult for Croydon, as a local authority, to obtain a clear and reliable insight into rail investment decisions. In my view the outcome seems to vary with the scope of the scheme in question and with the degree of direct involvement of the local authority in the scheme, which itself varies according to the nature of the individual scheme. Examples of recent experience in Croydon follow:

(b) When the Tramlink scheme was under development in the 1990’s Croydon was co-promoter of the scheme and I was a member of the project development team. My impression was that demographic developments such as housing developments were given major weighting among other considerations.

(c) The go-ahead was given for the East London Line Extension earlier this decade, after Tramlink had been built. The prospective arrival of TfL Overground trains at West Croydon from mid-2010 is widely seen locally as supportive of current and prospective housing development in the adjoining area of central Croydon, and a major beneficial factor in the intended regeneration of that locality.

(d) By contrast, in relation to Network Rail’s 2007 consultation draft South London Route Utilisation Strategy, and again in relation to this year’s consultation draft Sussex Route Utilisation Strategy, the Borough went out of its way to draw Network Rail’s attention to its intention to promote the development of more than 20,000 new homes within the town centre, much of it in the vicinity of East Croydon station, as part of its regeneration programme for central Croydon. This effort included a 2007 briefing in Croydon Town Hall to relevant Network Rail managers prior to their development of the South London Route Utilisation Strategy, followed by provision for them to extensive supporting detail. Since Croydon has been identified as an Opportunity Area in the London context, it was surprising that neither of Network Rail’s consultation documents made any reference to the existence of Croydon’s regeneration proposals, let alone considered the likely impact of those proposals on rail transport provision at central Croydon stations.

6. Is enough consideration being given to the views of passengers in making investment decisions on the railways?

(a) It is often difficult for Croydon, as a local authority, to obtain a clear and reliable insight into investment decisions on the railways. I am unaware of any major investment decisions, subsequent to the go-ahead for the East London Line Extension, that specifically affect Croydon directly.

(b) The nearest recent approach to a decision at this level with which I have had any connection occurred three years ago in relation to the Department for Transport’s Brighton Main Line Route Utilisation Strategy in 2006. In response to a full complement of lively stakeholder feedback DfT identified four main options
for improving the utilisation of this extremely busy rail corridor. All four options proposed a variant on the theme of some or all Gatwick Express services calling at East Croydon during part or all of the working day. East Croydon is the busiest rail destination in the country apart from the central London termini, and is also the third busiest transfer station in the country. Gatwick Express services seemed, and still seem, to frequently have a very low number of passengers aboard when they passed through East Croydon without stopping. It seemed, logically, virtually certain that one of the four identified options would be implemented, with consequent major benefits for passengers at East Croydon. It was with considerable surprise that Croydon learned that no change would be made to the pattern of Gatwick Express services. Later, I understand that rumours began to emerge that at least one airline had pressured DfT, either directly or through BAA, to the effect that high-powered foreign business executives would object to sharing “their” trains with commuters, and that the airline(s) in question would take their business elsewhere if the trains in question did not remain exclusive.

7. What should be the key priorities for the next High Level Output Statement?
   See response on Question 1 above.

THE CURRENT RAIL INVESTMENT PRIORITIES AND THE IMPACT OF THE RECESSION

1. Is the current investment programme sufficient for the needs of the UK economy and for passengers themselves?
   (a) The specific interventions discussed in Network Rail’s recent consultation draft Sussex Route Utilisation Strategy (for the Brighton Main Line) would be likely to fail, in my professional view, to meet the likely longer-term transportation needs of the Borough of Croydon and, by implication, the needs of the local economy and of passengers themselves.
   (b) Separately, three alternative schemes with widely-varying costs have been developed by consultants on Network Rail’s behalf, to expand East Croydon station. The approved [least expensive] scheme will improve the internal layout of the street-level concourse, but will do nothing for movement between street level and platform level, or between platforms, none of which is compliant with the Disability Discrimination Act, or for the overcrowded platforms themselves.
   (c) Since Croydon has been identified as an Opportunity Area in the London context, and since East Croydon station is already the busiest rail destination in the country apart from the central London termini, and is also the third busiest transfer station in the country, it seems reasonable to extrapolate from these prospects faced by the station and the Borough and to conclude that the current and prospective investment programme, while large relative to recent decades, is still not sufficient for the needs of the UK economy and for rail passengers.

2. In the light of the current economic crisis is it still important that projects designed to increase capacity continue on the present timescale?
   Experience over a number of decades indicates that the typical overall lead time for projects capable of making a meaningful impact on capacity is frequently longer than the typical economic cycle. It is important to establish continuity for such projects regardless of economic crises, as the best means to ensuring their eventual delivery. These projects should continue on the present timescale.

Mr S Saunders
Senior Transportation Planner
October 2009

Memorandum from pteg (PIR 40)

INTRODUCTION

1. pteg represents the six English Passenger Transport Executives (PTEs) in England which between them serve more than 11 million people in Tyne and Wear (“Nexus”), West Yorkshire (“Metro”), South Yorkshire, Greater Manchester, Merseyside (“Merseytravel”) and the West Midlands (“Centro”). Nottingham City Council, Transport for London (TfL) and Strathclyde Partnership for Transport (SPT) are associate members of pteg, though this response does not represent their views. The PTEs plan, procure, provide and promote public transport in some of Britain’s largest city regions, with the aim of providing integrated public transport networks accessible to all.

2. pteg welcomes the opportunity to respond to the Committee’s inquiry into this important topic and would be willing to appear before the Select Committee, should the Committee wish us to expand on any of the points made in this response.
OUR VISION FOR CITY REGION RAIL NETWORKS

3. Our vision for rail in our areas is one of modern, efficient, safe, reliable and high quality rail networks, integrated with other modes; and which provide passengers with clear and easy to understand information, branding and ticketing—all combining to make rail travel easier and more attractive.

4. Our commitment to rail is part of our wider brief to deliver high quality integrated public transport for the city regions—a role which has been enhanced by the Local Transport Act 2008.

5. On rail this means that we are:
   — Long term, stable partners with a commitment to, and track record of, improving local rail services for the passenger.
   — Playing a vital role in joining up sub regional partners and national interests.
   — Central to the future development of, and investment in, wider urban transport networks.

Since their inception, the PTEs have invested heavily in their local rail networks—funding new trains, routes, stations (69 to date), park and ride facilities, and higher service standards. As a result rail patronage has increased over the last twelve years in every PTE area, and now exceeds 130 million journeys a year, an increase of 41% since 1995/96. The rise in rail commuting has supported the growth in our city centre economies over the last decade. However there are problems with significant overcrowding on peak hour trains—with over 60% of peak hour arrivals into Leeds carrying standing passengers, and 50% of peak hour arrivals carrying standing passengers into Manchester and Birmingham. Even in a recession, the Northern Rail franchise (the franchise serving all five of the northern PTEs) is still reporting passenger growth of 8% within the last year and PTEs are acutely aware of unmet demand for increased capacity on many routes.

6. The gap in public spending on transport between London and the regions has widened in recent years. At present London receives £836 per head—more than three times the £269 per head for the North and West Midlands. This gap has widened over the past five years, with transport spending in London rising by 57% compared to 25% in the Midlands and the North. London needs and deserves a modern rail network, but there is now a clear need to increase investment in the major city regions and reduce the overall imbalance with London.

7. As the our city regions recover from recession and generate new jobs, and with people travelling further to take up those jobs, demand for rail services in our areas is certain to continue to grow.

KEY ISSUES

8. Our response to the Committee’s inquiry is focused on how to deliver rail networks fit for the 21st century in our city regions.

   This means:
   — continued and sustained investment in both rail capacity and infrastructure to improve and develop networks, particularly where there has been historic under-investment;
   — balancing the needs of commuter services with good inter-urban connections, enhanced capacity for rail freight, and a future HSL network; and
   — a more integral role for PTEs in the specification, development and management of local rail networks to ensure that heavy rail networks are fully integrated within wider city region transport networks and to ensure that the benefits of local investment programmes, local accountability and local knowledge can be fully realised.

9. Our wider vision for city region transport networks and demonstrable long-term commitment to developing and improving local urban rail services, provides the backdrop to answering the specific questions posed by the Select Committee. These are addressed below.

PRIORITISING INVESTMENT IN RAIL

Q1. In the medium to long term, what should be the main objectives for investment in the railways, in order to improve both freight and passenger services?

10. Given the key role our local rail networks play in supporting our city centre economies, and the unprecedented growth that has occurred in our rail networks as a result, it is our belief that there is a compelling case for ongoing and sustained investment in the capacity of these networks.

11. A key priority should be investment in modern rolling stock to replace the ageing fleets of trains currently operating on our networks. For example, in 2007, around a third of the rolling stock in northern PTE areas was 20 years old or more; and the Northern Rail franchise has received no new carriages in the last five years, compared to 580 in the South East over the same period.

12. Trains like Pacers (basically a twenty five year old bus body fixed to a wagon underframe) are low capacity, rough riding and do not meet modern passenger expectations or aspirations. Commuters will be less likely to persevere with such poor quality vehicles in the city regions, where, unlike in London, the car is a real competitor. If our commuter and local rail services are to maintain the growth rates seen in recent years, then modernisation and expansion of the train fleet is essential.
13. Many PTE rail networks are partially electrified and services are therefore operated by a mixture of
diesel and electric rolling stock. The nature of the networks and service patterns means that there is a
considerable amount of diesel operation “under the wires” with a very incoherent fleet of rolling stock. The
PTE areas therefore represent a considerable opportunity for an electrification strategy and there is a strong
case for widespread in-fill electrification of urban rail networks which will enable faster, greener and more
cost-effective operation. There will need to be close synergy between rolling stock strategy and electrification
strategy, as it will be crucial to avoid electrifying a route, only for there to be no rolling stock available to
take advantage. Electrification therefore needs to be developed as part of a wider package of service
improvements wherever possible. In addition, research for pteg (as yet unpublished) shows that over time,
the market for diesel fleets, of the type operated in the UK at present, will be reduced and as consequence
the costs of purchasing new diesel units and replacement parts will rise steeply as manufacturers concentrate
on producing electric vehicles.

14. A future priority should be to reduce the inherent tension between the needs of local rail services,
freight and inter city services on a capacity constrained network. In urban areas, we need to be moving
towards a network where local services and freight can be more clearly segregated from long-distance traffic
through a programme of capacity enhancement at the local level, and longer term, the development of new
high speed lines. More broadly we need to be planning for greater capacity so that the needs of the different
types of rail services can be better accommodated. The Manchester Hub, the main bottleneck for rail in the
north, is a key example of this type of development that needs to be supported and prioritised.

15. We also firmly believe that Tram Train can make a significant impact on capacity constraints at major
city centre stations, through rerouting of local services onto city centre streets. Building Tram Train into
future funding priorities will give confidence both to promoters, and vehicle manufacturers.

Q2. How should these objectives be determined?

16. PTEs’ role at a sub-regional level in determining and delivering Local Transport Plans, in bringing
together city region partners, and in managing key relationships and interfaces with national, regional and
local stakeholders, needs to be recognised in the determination of objectives for heavy rail in the city regions.
The experience of TFL in developing a rail strategy for London—and the subsequent success of the London
Overground in terms of increased patronage and service transformation, clearly demonstrates what is
possible with greater local specification and control of local services.

17. National networks and long distance routes also have a critical role in supporting city regional
economies and they also interact with, and impact on, local rail services. There is therefore a strong case for
PTE involvement in relevant decisions on objectives for national and long distance services.

18. PTEs have no desire to take on an operational role. However, pteg has consistently argued that PTEs
should be given, or retain where in place, co-signatory status on key franchises for their areas. Co-signatory
status allows PTEs to specify service levels, service quality requirements and fares for local services. PTEs
also have to be consulted on any subsequent significant proposals for service changes. PTEs have used their
co-signatory role in a responsible, mature and pragmatic way to help ensure that local rail networks have
been developed and provided in a way that dovetails with wider city region transport strategies. In effect co-
signatory status has given PTEs a “seat at the table” on the future of their local rail networks. It is important
to stress that we have not used these powers to pursue local rail priorities at the expense of wider long
distances services as we recognise the importance of long distance services to our local economies.

19. There are other ways to bring about the benefits of PTE involvement in rail franchising. For example,
PTEs could be involved in establishing new franchise development and management mechanisms that
provided them with effective influence over key franchise matters relating to network definition, service
capacity and quality enhancements. This could include becoming the franchising authority for relevant local
rail services within wider franchises or entering into memorandums of understanding with the DfT over the
specification and management of franchises; as well as taking on a more formal role in the development of
specification of relevant Inter City franchises where they have significant implications for city regions rail
networks. The positive experience of Merseyrail where local knowledge and investment from Merseytravel
(who took on the role of franchising authority in 2003) has helped build a responsive partnership with the
operator to deliver significant improvements to the local rail network—resulting in record reliability and
passenger satisfaction levels.

20. Given the self-contained nature of the Merseyrail Electrics network, Merseytravel wish to take their
role further, with the vertical integration of the network by taking over responsibility for the infrastructure
from Network Rail. The benefits of such a change being more efficient, accountable and integrated
management of the network as a whole. It should be stressed that no other PTE rail network is similarly self
contained and thus no other PTE has aspirations to take responsibility for the infrastructure.

21. In addition to the co-signatory and franchising issues set out above, an extension of PTEs’ role on
local rail networks could encompass:
— an enhanced role in the development of Network Rail capital programmes to ensure that NR
investment plans better reflect the needs of local commuters and complement wider regeneration
programmes;
— a potentially greater role on station development and management, by, for example, becoming the 
leaseholder of all, or some, of the station stock (this would build on our excellent record on bus 
interchanges and the investments we make in station refurbishment and the reinstatement of 
staffing and other benefits for passengers), and

— a greater role on rolling stock, for example in the purchase and leasing of rolling stock.

22. Current rail appraisal methodologies need to be reviewed to better reflect the benefits that investment 
in local rail services can bring. Current systems accrue economic benefits to schemes on the basis of distance. 
These considerations need to be better balanced against the benefits that local rail investment schemes can 
bring in meeting a wider set of policy goals and objectives such as reducing regional disparities, carbon 
reduction and social inclusion.

23. pteg also believes there is scope to deliver significant cost savings in rail investment programmes, 
particularly in the indirect costs that can make up a significant proportion of a scheme’s budget. For 
example, we believe that current Network Rail processes can add unnecessary bureaucracy to the 
implementation of small and medium sized schemes, which can result in delay and drive up costs. Often this 
is a result of rules and processes being too rigidly and inflexibly applied, for example through the application 
of universal standards to station improvements which either do not reflect local circumstances, or are not 
proportionate to the scale of development.

Q3 What is the impact of rail enhancements on the economy?

24. It is clear that our investment in urban rail networks (such as electrification, new rolling stock, longer 
trains, additional car parking, station improvements and better quality passenger information) has 
supported the substantial growth in demand for services in PTE areas. For example, the electrification and 
renewal of the Airedale/Wharfedale routes in West Yorkshire led to a doubling of passengers to 12 million 
per annum and a 75% share of key commuter flows into Leeds city centre.

25. Research undertaken by KPMG for Metro has shown that the impact of lack of capacity in Leeds 
and Manchester is significant for GVA and Jobs. KPMG has calculated the lost GVA and jobs as a result 
of lack of capacity on three rail routes to and from West Yorkshire: Skipton to Leeds, Ilkley to Leeds, and 
Leeds to Manchester. This indicates that in 2009—and on these three routes alone—895 jobs and £36 million 
of GVA are lost to Leeds and Greater Manchester due to rail crowding. If nothing is done to ease the 
situation, this increases to 1,600 jobs and £72 million GVA per year by 2014.

Q4. How should long-term development of major new infrastructure, such as high speed lines, be balanced 
against short and medium term investment to improve capacity and passenger experiences?

26. We are supportive of the development of a High Speed Line (HSL) network in the UK, as we believe 
that this investment has the potential to take passengers out of the skies, free up capacity on the existing 
railway, support the development of city region economies and take the image and reality of rail travel to 
the next level.

27. The pteg view is that long term investment in major new infrastructure—including high speed lines— 
should be part of an overall package that includes upgrades to conventional links between our cities and for 
local commuter networks, which will ultimately feed into any HSL network.

28. The challenge of finding funding for HSL should be one which galvanises national government to 
look at different ways of funding such schemes. Simple top slicing of existing budgets will undermine current 
investment and put back plans to modernise local rail services further.

Q5. Is enough consideration given to the integration of rail with other transport modes, and with demographic 
developments, such as new housing developments, when rail investment decisions are made?

29. There are two main issues for PTEs in answering this question. Firstly that whilst the steps taken in 
the Local Transport Act 2008 to strengthen our role in the planning of wider transport networks are very 
welcome, more could and should be done to strengthen the role of ITAs/PTEs in integrating rail with the 
wider local transport network. If we played a more integral role in the planning, development and 
management of local rail networks, we can work with our constituent districts (as the local planning 
authorities and bodies to whom we are responsible) to integrate land use and transport planning in a way 
which remote decision-makers in Whitehall find difficult to do.

30. Secondly, pteg’s view is that insufficient priority is given by the rail industry to integration and it falls 
to the PTEs themselves, as local transport authorities, to consider fully how rail can best be integrated into 
wider transport networks, and how best rail policy can be aligned with wider social, environmental and 
economic objectives. The lack of consideration of such wider objectives by the rail industry can lead to 
frustrations in delivering schemes. We have one example in West Yorkshire where plans to open two new 
stations on brownfield sites to meet much needed housing demand, and relieve road congestion, are being 
frustrated by the effective veto of rail operators through the Network Change process (because of the impact 
on their future, commercial aspirations).
Q6. Is enough consideration being given to the views of passengers in making investment decisions on the railways?

31. The PTEs have a major role in understanding and interpreting passengers’ views and priorities due to their coordination role at the local level. PTEs are locally accountable through their respective ITAs, made up from local councillors; and most PTEs have extensive arrangements for taking on passengers’ views, including supporting consultative groups and regular passenger surveys. We believe that giving PTEs a greater role on local rail networks will result in the views of passengers (and potential passengers) being better reflected in decision making processes.

Q7. What should be the key priorities for the next High Level Output Statement?

32. Our view is that the next HLOS should be about:

— increasing the capacity and quality of city region commuter rail networks (including tackling significant bottlenecks like the Manchester Hub);
— greater investment in the inter-urban network so that our cities are better connected to each other and with London, including the planning of a HSL network as well as upgrading conventional inter-urban rail services;
— accommodating the growth in rail freight within local and long distance networks;
— electrification of urban and inter-urban networks to bring about faster, greener and more efficient services, and
— improving passengers’ experience of using rail by investing in stations; improving the quality of passenger information; improving personal security; and facilitating integrated, smart and affordable fares and ticketing offers.

THE CURRENT RAIL INVESTMENT PRIORITIES AND THE IMPACT OF THE RECESSION

Q8. Is the current investment programme sufficient for the needs of the UK economy and for passengers themselves?

33. Our recent experience of the current investment programme under HLOS has been coloured by the discussions over the Northern Rail franchise where it appears the capacity set out on the White Paper cannot be delivered, at least in the short term. When recent growth rates in PTE areas (see para 5) are considered alongside the relatively modest figures for investment (particularly when compared to London), there is a strong case to be made that the current investment programme does not best serve the needs of our city regions.

Q9. In light of the current economic crisis is it still important that projects designed to increase capacity continue on the present timescale?

34. Given the length of time taken for rail investment decisions to deliver projects on the ground, we firmly believe that projects to increase capacity should continue to be planned and progressed as any delay will mean that they will not be “on-stream” in time for the economic recovery. There appears to be evidence that passenger demand on urban rail networks has not suffered to the same extent as demand for long distance travel and, therefore, there is still a very strong case for enhanced investment in these networks. Our research shows that in previous recessions rail patronage in our areas has dropped for a short period, before rising again to new highs. This reinforces the need to continue to plan and invest, even in difficult economic times.

October 2009

Memorandum from London TravelWatch (PIR 41)

1. Introduction

London TravelWatch is the official body set up by Parliament to provide a voice for London’s travelling public, including the users of all forms of public transport. Our role is to:

— Speak up for transport users in discussions with policy-makers and the media;
— Consult with the transport industry, its regulators and funders on matters affecting users;
— Investigate complaints users have been unable to resolve with service providers, and
— Monitor trends in service quality.

Our aim is to press in all that we do for a better travel experience all those living, working or visiting London and its surrounding region.
2. The Inquiry

London TravelWatch welcomes the House of Commons Transport Committee’s inquiry into the priorities for investment in the railways. Essentially we believe that the key priority above all others should be the provision of capacity, but at good value for money for passengers and with disruption mitigated.

This submission seeks to address each of the key questions asked by the committee.

3. General priorities for investment in the rail network

London TravelWatch believes that the delivery of additional capacity is the most fundamental requirement for improving the lot of the passenger whether through:

— High Speed Rail;
— Additional rolling stock;
— Signalling, electrification or track enhancements;
— Platform lengthening, or
— Opening of new lines and stations.

The provision of additional rail capacity also addresses the needs of the economy to function efficiently, with the minimum of environmental impact.

4. Determining the objectives for investment?

London TravelWatch believes that this should be done on the basis of what gives the greatest benefit, but without disadvantage on a major scale. There is a tension within this statement in that many users may be disadvantaged or ignored based on the balance of the net effect of a cost benefit analysis. In the appraisal of investment options it is important that schemes are judged consistently but taking into account of the individual merits of each option. It is important that decisions on investment are taken within a consistent policy framework in order to realise the full benefits of investment.

The rail industry has in place a large number of processes from Regional Planning Assessments, Route Utilisation Strategies, Franchising and the commercial decision of train operators to capture the need to plan for and deliver the capacity that is required on the network. However, these processes are still vulnerable to change particularly because of the need to meet short term political and commercial objectives, and by a lack of consistency and commitment, particularly by the Department for Transport (DfT).

A recent example of this has been the decision by the DfT and Transport for London not to proceed with one of the main recommendations of the South London Route Utilisation Strategy to introduce a replacement service for the Victoria–Peckham Rye–London Bridge service, as part of a funding package to enable phase 2b of the East London Line extension to Clapham Junction to proceed, because it was said that there was insufficient funding for both schemes, even though the business case produced by TfL for both schemes produced benefit cost ratios that were almost identical.

This service would have operated between Victoria–Peckham Rye and Bellingham. This service had been accepted throughout the railway industry community as the best and most appropriate means of not only retaining the majority of existing passenger movements in this part of London. It would also have delivered significant capacity improvements and socio-economic benefits to the area, which is one of the most deprived areas of the capital both in socio-economic terms and transport connectivity.

Following this decision London TravelWatch with Passenger Focus undertook a major survey of passengers on this route (http://www.londontravelwatch.org.uk/document/3864/get). We found that although there were substantial benefits to passengers to be gained from the East London Line phase 2b service, without the provision of a Victoria–Peckham Rye–Bellingham service to compensate for the loss of direct services to the West End, existing passengers would be significantly disadvantaged in the region of £3.9 million per annum, in terms of reduced journey opportunities, increased journey times and reduced access to sources of employment and other goods and services.

This compares to the assumed cost by the DfT of providing this service of £2.4 million per annum. We calculated that for the Victoria–Peckham Rye section alone (ie that section of route directly replacing the Victoria–Peckham Rye–London Bridge service) the passenger/public benefits of such a service would be £3.5 million per annum not counting the additional benefits that would also accrue on the Bellingham–Peckham Rye section. This case illustrates the inconsistency of some of the decision making on rail investment.

Another example is that of the case for electrification of the Barking to Gospel Oak line in North London (and associated link lines). Again there is a consistent industry wide acceptance that electrification of this route would be the most effective means of delivering additional capacity for both freight and passenger operations, and that this could be done at relatively modest cost and without significant disruption. The
route is designated by Network Rail as one of the most significantly congested lines on the network with almost all its capacity used in some way. It is worth noting that because this route connects all the major radial routes in east, north and west London that the benefits of such work would extend far wider than the immediate vicinity of the line itself. However, agreement between DfT, TfL and Network Rail on the mechanism to fund electrification has not been forthcoming.

5. The impact of rail enhancements on the economy

The wider economic benefits of investment in transport infrastructure and rail infrastructure specifically are well documented and accepted. As an example Crossrail has been forecasted to deliver approximately £15 billion of wider economic benefit to the UK economy. In making investment choices in the railway network the benefits to the wider economy need to be considered as part of funding decisions.

Investment in rail services has the potential to support economic growth, regeneration and accessibility. The latter has particular importance to both the scope for economic growth but also in social inclusion providing access to healthcare, education and leisure opportunities. In the shorter term the impact for major projects on employment in the construction phase is also significant.

In the example we gave above relating to the South London Line this serves one of the most significantly disadvantaged areas of London, which currently suffers from poor transport accessibility. A justification for the East London Line extension has been its ability to assist in the regeneration and economic uplift of the areas it serves because it significantly increases transport accessibility. Efficient transport services reduce the overall economic cost of providing goods and services, and therefore investment that increases efficiency brings a consequent increase in competitive advantage.

6. How should long-term development of major new infrastructure, such as high speed lines, be balanced against short and medium term investment to improve capacity and passenger experiences?

There is a danger in developing new infrastructure of planners and builders of such works becoming so involved in the goal of completing a particular project that they lose sight of their original objective of improving the experience of existing users. In developing new infrastructure there is a need therefore for consistency in decision making throughout the building and planning processes to ensure that the ultimate goals of improvement are kept in mind.

In the short to medium term there are identified short falls in capacity in various areas of the London rail network. In some cases schemes such as Crossrail are specifically intended to address these issues. However, as is the nature of large scale schemes the timescale for delivery is uncertain and lengthy. In the interim these issues of capacity remain. London TravelWatch urges that consideration is given to shorter term measures to increase capacity given the long delivery period of large schemes. The shorter term measures should be targeted at specific issues and be planned in a way in which can make best use of major schemes once they are available.

There are a number of means by which such a focus on passenger requirements can be maintained—the use of passenger surveys in this respect is particularly important such as Passenger Focus’s National Passenger (bi-annual) Survey. In addition research on passenger priorities for improvement. We believe this work published in 2007 is currently being updated but the results of the previous work would indicate that at least six out of the top 10 priorities for passengers were related to capacity. However, the most important priority for passengers in this survey was improving the value for money of the price of train tickets. This is both in terms of affordability and the quality of service that they are provided with.

In order to increase the benefits of investment in both the short and long term London TravelWatch believe that it is vital to integrate investment in rail with other modes of transport. This integration spreads the benefits and makes the maximum use of the asset.

7. What should be the key priorities for the next High Level Output Statement?

London TravelWatch’s key priorities for the next High Level Output Statement are:

- Increased capacity: given the long lead times for railway investment it is vital that increased capacity is ensured for the future railway network to meet passenger needs. Capacity in this sense means both:
  - Numbers of passengers that can be accommodated in comfort on each rail services, and
  - Frequency and interval of services all-day and every-day, which along with the capacity of each train service, defines the overall capacity of the route.
- Value for Money for Passengers: For passengers there is a strong perception that the current railway services do not represent value for money. In prioritising investment the quality of the service can be enhanced to a level where it represents value for money. In delivering infrastructure investment it is important that the railway becomes more affordable both to the tax payer and the passenger. In investment decisions the costs must be controlled in order that passengers are not adversely affected by fares rises.
— Increased Service Quality:
  — Reliability;
  — Customer service improvements;
  — Passenger facilities at stations and on trains;
  — Improved service information;
  — Integration with other modes of transport, and
  — Improved connectivity of rail services.

8. *Is the current investment programme sufficient for the needs of the UK economy and for passengers themselves?*

   From the passengers’ perspective the current railway service provision is not sufficient to meet their needs in and around London. London TravelWatch is keen to see substantive incremental improvements, in particular to railway capacity. It is clear that many current rail services into and around London are operating at or near capacity. While passenger growth has slowed as a result of the economic circumstance, the present level of service is likely to be below the level of future demand for transport.

   In the long term the lack of practical alternative to rail transport in and around London because of road congestion is likely to remain and indeed increase. Transport is the key element which allows people access to the employment market and defines the sphere in which they can both live and work. It is vital to the UK Economy that accessibility is expanded to access to the employment market in and around London. The current railway service provision is a barrier to achieving this and therefore forms a barrier to economic growth. In the 1990s, partly as a result of the recession, both the investment in Crossrail and Thameslink were delayed. When the economy recovered the growth in passengers resulted in persistent capacity issues which could have been addressed if investment decisions had been made earlier. A current example where a project has been scaled back and the benefits to passengers reduced, is the decision to reduce the scope of investment in the core section of the North London Line.

   For passengers themselves the key issue along with capacity and service quality is that of value for money. For the passenger the cost of rail tickets versus the quality of service often does not meet expectations. In addition there is a question of absolute affordability of rail travel and therefore its social inclusion. London TravelWatch does not support differential peak pricing where no practical alternative to travel exists. Where it is not possible to travel at different times, peak pricing has the danger of being punitive.

9. *In light of the current economic crisis is it still important that projects designed to increase capacity continue on the present timescale?*

   Railway Infrastructure and rolling stock has very long investment lead times. Once in service, railway assets have very long lifetimes and are very capital intensive. As a result substantial cost is involved in making changes to the infrastructure and takes considerable time to achieve. The impacts of the decisions made in for railway investment priorities now will continue to have an impact for at least 30 years. For this reason it is very important not to allow short term economic cycles to fundamentally affect the investment priorities.

   As has already been stated, the current railway services do not fulfil the needs even of present day passengers. This situation is not fundamentally altered by the economic cycle even though passenger growth has slowed in the short term.

   This is because the longer term trends mean that passenger demand for high quality frequent rail services will remain:
   — Trends in London employment growth concentrated in central London;
   — London population growth;
   — Lack of alternative means of transport as a result of road congestion, and
   — The impact of global warming and the potential rise in fuel costs.

   Passenger needs and demand remains and given the length of impact of current investment decisions it is very important to at least maintain the current rates of expenditure. The short and long term economic benefits of investment in transport infrastructure, railways investment can form part of the solution to the current economic downturn.

10. *Conclusions*

   London TravelWatch whole heartedly supports the continued investment in the railway network. The current levels of service, while much improved, still fall short of passenger expectations and needs. We believe that the key priority is the delivery of increased capacity to meet both current and future demands for rail travel. In delivering this capacity it is important to recognise that in the London area current levels of rail usage already in many locations in excess of capacity. It is important that short to medium term solutions are considered as well as longer term projects such as Crossrail or the Thameslink Programme.
In the current economic climate the pressures on fiscal policy do not encourage rail investment. However, it is important to recognise that the timescales in the rail industry are such that decisions taken now will have extremely long lasting consequences. The benefits of investment in a quality rail system are also such that the current cost should be offset against the long term socioeconomic benefits.

In making decisions about future railway investment priority from the passengers’ perspective the outcome must represent value for money. This is vital if the railway is to realise its potential in regeneration through greater accessibility.

October 2009

Memorandum from the Department for Transport (DfT) (PIR 42)

1. The Department for Transport’s approach towards prioritising transport investment was set out in the October 2007 publication “Towards a Sustainable Transport System” and the November 2008 publication “Delivering a Sustainable Transport System” (DASTS). The executive summary to the latter document states:

“Transport planning can be a very long term business, and we need to balance the need to provide a stable climate for investment with the need to cater for demand uncertainty. Over the short to medium term, we can be more certain about the nature and scale of movements of goods and people on our transport networks. However, over the long term we can expect big changes which will affect how we live and work, and how we use transport. For example, the decision about where new housing is created has clear implications for the transport infrastructure required to support housing. It is particularly difficult for planners to predict the scale and pattern of demand for transport. We cannot simply extrapolate current trends, as the reversal in the long term decline in rail demand over the last ten years shows. Rather, we must understand the drivers of demand and how they are expected to evolve. For example, over the longer term, trend rates for different modes of transport may be heavily influenced by external factors such as technological change, oil prices and our transport and land use policies. Equally, this potential for radical change also means that we have the opportunity to develop new solutions for some of our longer term problems. This means that we need to plan for a range of scenarios, as we have done in both the Air Transport and Rail White Papers”.

2. It is this philosophy that underpins our approach for planning future investment in the railways. We seek to strike a balance between providing the broad raft of improvements that the railway network requires if we are to meet the needs of its users in the short to medium term, and developing necessary larger-scale works, such as electrification and new high speed lines, which may be required to meet changing transport requirements in the longer term in the light of the economic, social and environmental challenges we face.

Our Goals

3. We have five key goals for our transport system:

— to support national economic competitiveness and growth, by delivering reliable and efficient transport networks;
— to reduce transport’s emissions of carbon dioxide and other greenhouse gases, with the desired outcome of tackling climate change;
— to contribute to better safety, security and health and longer life expectancy by reducing the risk of death, injury or illness arising from transport, and by promoting travel modes that are beneficial to health;
— to promote greater equality of opportunity for all citizens, with the desired outcome of achieving a fairer society, and
— to improve quality of life for transport users and non-transport users, and to promote a healthy natural environment.

4. These are all key, long term goals. We are aware that there can sometimes be tensions between them, but we are committed to prioritising our investment in the railway in a manner that supports these goals as fully as possible.

Determining the Immediate Priorities

5. Our short and medium term objectives for the railway are determined through the Periodic Review process. As part of this process, we set out our investment priorities for the coming five year Control Period in terms of high level outputs that we wish to purchase, as well as the funding envelope that we can make available for their delivery.
6. The Department published its High Level Output Specification (HLOS) for Control Period 4 (CP4: 2009–10 to 2013–14) in July 2007, along with its Statement of Funds Available. This set out our requirements for improvements on the railway in the five year period to 2014 in terms of safety, capacity and reliability. It triggered an iterative process whereby the Office of Rail Regulation (ORR) worked with Network Rail (NR) to decide on the specific schemes required to deliver our required outputs and to determine whether these schemes were affordable within our funding envelope. In February 2009 NR indicated that it would accept the ORR’s determination that the package of works was affordable.

7. With the CP4 settlement agreed, and NR engaged on delivering it (while the ORR monitors delivery), the Department will now begin the development of the HLOS for Control Period 5 (CP5: 2013–14 to 2018–19). Work on this is naturally at a very early stage and we have yet to consider the outputs that we will wish to buy. However, it is evident that rail priorities will be developed consistent with the emerging outputs from DaSTS, the Department’s longer term planning process, and that we will need to have regard to the wider financial situation and particularly the availability of capital funding. A series of studies to consider the most urgent challenges on the strategic and regional networks will help to inform the development of the next HLOS, and our longer term priorities.

8. The £16m Crossrail project will extend train services from Essex and the new east-west tunnel through central London to Slough, Heathrow and Maidenhead. It will also make it easier to improve rail access to Heathrow from the West.

9. Following our recent announcement, Great Western electrification will be integrated with a wider set of enhancements, including the £425 million upgrade of the Reading station, the installation of in-cab signalling equipment and the introduction of the new Super Express train as the successor to the diesel-powered Intercity 215.

10. With £5.5 billion committed to the Thameslink project, commuters into and around London will see a reduction in overcrowding on the north-south First Capital Connect service. This will be delivered by longer trains between Bedford, London and Brighton, as well as new rolling stock.

DETERMINING THE LONG TERM PRIORITIES

11. As well as considering the investment required to meet the needs of users of the railway through to 2019, we must also consider how we can adapt and develop the rail network to meet the longer-term demands that will be placed upon it by global factors such as rising energy prices and climate change. Therefore, while there will always be a temptation to focus on meeting the most urgent need through incremental improvements to existing infrastructure, we must never lose sight of the bigger, future challenges.

12. If we are to maximise the contribution that rail makes to meeting these long term demands, we will need both to reduce the current environmental impact of rail services, and to develop the rail network so that it is best placed to capitalise upon the railway’s inherent environmental advantages compared to other modes of transport. At the same time, we need to ensure that any long term investments aimed towards these goals also achieve the maximum possible benefits for passengers, freight customers, and the wider economy.

13. An important strand of our long term strategy for the railway involves the electrification of key sections of the network. Our July 2009 publication, Britain’s Transport Infrastructure: Rail Electrification sets out our plans for electrification of the network. This envisages a rolling programme to meet our long term goals, with substantial work beginning immediately.

14. Electrification will enable the introduction of a predominantly electric high-speed train fleet. These trains will offer faster journey times, more seats, greater reliability, improved air quality and lower carbon emissions than their diesel equivalents, as well as being cheaper to buy, operate and maintain.

15. We have therefore announced that work will begin immediately on the electrification of the Great Western Main Line between London, Reading, Oxford, Newbury, Bristol, Cardiff and Swansea, to be completed within eight years. In parallel, planning will begin immediately for the electrification of the line between Liverpool and Manchester, to be completed within four years.

16. Our September 2009 publication, Britain’s Transport Infrastructure: Strategic Rail Freight Network—the longer-term vision set out ways in which we envisage that the Strategic Freight Network, announced in the Government’s 2007 Rail White Paper, might be further developed to support efficient and sustainable freight transport logistics, which are increasingly important both to the UK’s economy and to the achievement of our environmental goals.

17. The other key element of our long term strategy involves the development of a business case for the construction of a new high speed rail line. In January 2009, the Department incorporated a new company, High Speed Two (HS2) Ltd to investigate the business case for a new high speed rail link between London and the West Midlands and advise, at a broad corridor level, on the development beyond the West Midlands to the North and Scotland. HS2 will report back to Government by the end of 2009.
THE ECONOMIC CASE FOR INVESTMENT IN RAIL

18. Rail projects have a number of effects on the country’s GDP, and so contribute to the delivery of the Department’s objective to support national economic competitiveness and growth, by delivering reliable and efficient transport networks. These benefits to GDP include improving connectivity through reducing journey times and increased reliability; making labour markets more efficient and gaining benefits from economic agglomeration; facilitating logistical services underpinning business, trade, construction and, energy generation; contributing to reduced delays and congestion on the highway network by taking freight off the roads; and increasing productivity by improving conditions for commuters and business travellers.

19. However, rail and other transport schemes do more than add to GDP and the Department’s measure of the expected success of a scheme uses a widely drawn definition of the economy, which provides a measure of economic welfare, or of people’s well-being. Welfare is generally based on people’s willingness to pay for an enhancement, irrespective of whether a payment is made, and is therefore a broader measure of the benefits of a scheme than GDP. The appraisal thus aims to include and measure all impacts on people and firms, while avoiding double-counting.

20. In order to assess how well a project meets the Department’s goals, including the objective of supporting national economic competitiveness and growth, projects are required to produce a business case. Transport projects are prioritised according to the extent to which they deliver increases in this measure of economic welfare and can be afforded. Because the effect on GDP is an incomplete measure, the extent to which a rail scheme might affect GDP is not used as the basis for selecting projects.

INTEGRATION OF RAIL WITH OTHER MODES AND DEMOGRAPHIC DEVELOPMENTS

21. The introduction of Regional Funding Allocations (RFA) has given the English regions the opportunity to advise on priorities for spending on transport, housing and economic development within indicative funding allocations.

22. Guidance issued to regions in July 2008 for the second round of advice invited regions to set out their priorities for rail option development. Further guidance issued in July 2009 on delivering a sustainable transport system made clear the Department’s expectation that rail options would be identified and considered alongside other transport options in the studies to be undertaken by regions.

23. RFA indicative allocations include funds for transport, housing and economic development, and regions can, if they choose, prioritise rail schemes on the basis that they contribute towards achieving objectives in these other areas. Regions can also advise the transfer of funds between each heading so, for example, an allocation for housing could be used for a new transport facility to serve a new housing development.

24. In addition, funding streams have been created to support housing growth, including the Community Infrastructure Fund and area based Growth funds. These funding streams can and have been used for rail investment to serve growth areas. This is in addition to section 106 (of the Town and Country Planning Act) contributions from developers to fund transport improvements to serve new developments.

TAKING THE VIEWS OF PASSENGERS INTO ACCOUNT

25. The best known and most widely used survey of rail passengers’ views is the National Passenger Survey (NPS), produced twice a year by Passenger Focus, the independent statutory body responsible for representing the views of rail passengers.

26. The NPS is not designed specifically as a way of testing passengers’ views on investment priorities. It does, on the other hand, measure customer opinion on a range of range of factors which are directly relevant to the areas to which future investment might be directed, both at stations and on trains. On the stations side, items covered include the adequacy of station car parks and ticket buying facilities, connections with other forms of transport and the general level of upkeep. So far as trains are concerned, it asks among other things about frequency, speed, capacity and the provision of adequate toilets and luggage space.

27. Each edition of the NPS is based on questionnaire responses from around 26,000 passengers. The results are presented as totals for the network as a whole; by sector (London and the South East; Long Distance; and Regional); and by individual train operator. This, taken together with the fact that there is now a five year run of figures, compiled on a consistent basis, means that train operators and others responsible for investment decisions have a clear and detailed picture of what passengers see as the most and least satisfactory aspect of their journeys. Operators can also track the way in which those views have changed over time. In many cases, the NPS will itself provide sufficient material to guide investment decisions. Where it does not, it is likely at the very least to indicate specific areas where train operators and others may need to do further and more detailed work to ensure that the views of passengers are properly reflected in investment decisions.
Priorities for the Next High Level Output Specification

28. The Department is currently beginning work on the scope and potential content of the next HLOS which will be published in Summer 2012 alongside our plans for investment in other modes. As we are still in the first year of CP4, this work is at an early stage. It would not, therefore, be appropriate for us to pre-empt this work or anticipate any decisions that may be taken regarding the outputs.

29. However, the Department is committed to working with all of the significant stakeholders developing the next HLOS. We recognise the importance of effective engagement with local authorities and regional bodies, as well as the wider the rail industry.

Suitability of the Control Period 4 Settlement

30. One of the key purposes of the Periodic Review process is to provide a degree of certainty in the medium term regarding funding for the railway. This is important given that rail enhancement works rarely fit neatly into an annual or three year spending cycle.

31. Even if demand should fall temporarily, this does not necessarily mean that reducing our planned investment in the railway would be the right step. Already there are signs that we are emerging from the economic downturn, and as the economy recovers, the demand for rail would do likewise. If we do not have the transport systems needed to support the recovery in place, we may risk delaying economic growth.

October 2009

Supplementary memorandum from the Department for Transport (DfT) (PIR 42a)

During my appearance before the Select Committee on 25 November, I undertook to write to the Committee to provide further information on a number of matters. These matters, along with additional issues that the Committee has asked for information on, were listed in your note to the Department of 30 November. This letter sets out my response on each of these issues in turn:

1. Information on the specific safety issues referred to by the Minister that are being considered by the Government in relation to tram trains, including information about the differences between signalling systems in the UK and Karlsruhe (Q 370–373)

The Department for Transport supports the tram train trial as the results will help to confirm whether or not the Tram Train concept is a suitable transport offering for the UK. The Department recognised the potential that Tram Train operations could offer, but also recognised the differences between tramway and main line practice. This was also recognised by other European countries that wished to adopt tram train operations and most have had an initial trial or pilot. Indeed one has just completed in Holland on the Gouda to Alphen aan der Rijn line, and we understand this has been considered a success. The Department also recognise there are significant differences between the rail line railways in the European Countries where tram trains currently operate and the railways in the UK.

The Objectives of Our Trial are:

1. Understand the changes to industry costs of operating a lighter weight vehicle with track brakes on the national rail network;

2. Determine changes to technical standards required both to allow inter-running of light weight tram vehicles with heavy rail passenger and freight traffic and to gain the maximum cost benefit from tram-train operation;

3. Gauge passenger perception, and

4. Determine the practical and operational issues of extending tram-trains from the national rail network to on-street running.

The main issues affecting operation of tram trains on the heavy rail network have been identified and evaluated. Comparisons were made with the European administrations such as Germany and Holland where tram trains operated, and their solutions or operating restrictions. It was noted that there were some very significant differences in detail between the systems used in these countries and the UK systems although the principles were generally applicable. The main areas where UK systems are not directly comparable relate to the wheel rail interface, gauge clearance, platform height and the train detection and protection systems.
WHEEL RAIL INTERFACE

A new wheel profile will be required that is optimised across the three rail inclinations, and two flange widths. The wheels will need to have narrow tram flanges to suit the groove in the road and heavy rail switch and crossing layout adjusted to avoid the potential for derailment.

GAUGE

The tram trains common in Europe have a cross-section similar to main line train except at the top corners where they are squarer to carry the power equipment and tend to protrude outside the normal profile of a train. This could be a problem at arch bridges and tunnels and would require investigation.

PLATFORM HEIGHT

Tram trains and UK tramways, except for Manchester, have low floors that work with platform at a height between 300 and 380 mm above rail level. Normal heavy rail platforms are 915 mm above rail level, and thus reduced height platforms are required.

DETECTION AND PROTECTION SYSTEMS

Tram trains, however, have a lower resistance to collision impact with heavy rail trains as they are both built to a lighter standard and the levels of the drawbars/buffers are lower than heavy rail trains. We are proposing to mitigate the risk of collision through enhancements to the signalling system in a similar manner to that used in Europe but with the current UK systems.

All these enhancements are being fully risk assessed by the project partners to ensure that they comply with their safety management systems as duty holders. This will assist the project team to determine and justify the changes to standards that will be required to enable the future introduction of tram trains onto the network.

The current phase will add the opportunity to trial low cost electrification in a tramway style but on heavy rail infrastructure.

By the end of the trial we expect to understand the issues and cost attributable to bringing tram trains onto the main line.

2. Information on the Treasury’s value for taxpayers’ money analysis of the Thameslink Programme, and whether the analysis will lead to a reduction in the overall money allocated to Thameslink (Q 386)

There are no plans to make cuts to the budget for the Thameslink Programme. It is of course good project management practice to work closely with industry partners, to review the cost estimates for the Programme based on emerging information and to ensure that it continues to offer good value for money.

3. A clear note on the methodology used by the Department in how it selects railway projects. This should include information on how the Department compares small and large schemes, including whether similar methods are used for both (Q 397)

The Department for Transport uses a form of cost benefit analysis to assess the benefits of transport schemes. Full details are given at http://www.dft.gov.uk/webtag/. The method used serves to demonstrate the extent to which a transport scheme or policy delivers benefits which meet the Department’s five key objectives, namely the economy, carbon reduction, safety, health and security, equality of opportunity and quality of life. The impacts are quantified where possible and measured in money terms, so as to provide an estimate of, for example, the value of the time savings or the reduction in accident risk provided by improved rail services. These benefits can be compared with the costs of the scheme so as to provide an estimate of the ratio of the benefits to the costs of the scheme. We would normally expect to go forward only with schemes with a ratio of benefits to costs well above one, with most schemes adopted delivering benefits of more than twice the costs. Not all impacts can be quantified. For example the impact of a new parkway station on the local environment will be assessed against a scale of slight to severe, depending on local circumstances and the measures taken at design stage to minimise any adverse effect.

The benefits classified as economic ones include the following:

- travel time savings and reliability improvements (where these can be measured) for those travelling to work and in the course of work;
- any increase in the productivity of urban centres through the agglomeration benefits delivered by a scheme through better access to a range of opportunities;
- improvements in the labour market, including the effect of better transport on labour supply;
- changes in operating costs for train operators, infrastructure providers and business road users, and
- project costs.
These impacts are generally estimated from transport models which are a representation of transport networks and services linked with data on present and potential uses of such networks. Models include the responses of transport users to demographic and other anticipated future changes and to changes in the networks on account of the project being assessed.

The benefits classified as economic are a sub-set of total scheme benefits. They omit such benefits as time savings for transport users travelling for purposes other than to work or on business, which are classified under the quality of life objective. The separate identification of the economic component of overall scheme benefits allows decision-makers to balance the impact of a scheme on the economy with carbon and other objectives. The transport models used to assess the likely patronage of new rail or road schemes include local population, employment and other projections to assess future use of the scheme. These local and regional demographic and employment forecasts are thus taken into account in the appraisal of rail projects.

The Department does not have the data which would make it possible to estimate the impact of a transport project on local or regional GDP. The transport models used do not contain enough information about all potential users of a project to allow those setting up the transport model to identify which businesses benefit from the model’s estimates of transport cost savings, or how those savings in transport costs might feed through into lower production costs, increased output, greater productivity and hence increased GDP. The economic benefits as estimated in the project appraisal are therefore a very simplified and approximate measure of the GDP effects.

4. Could the Department explain the process that would have to be followed if a substantial change to the level of funding committed within the Control Period 4 funding settlement was required?

The process to be followed in changing the agreed Control Period 4 funding settlement would depend, to a large extent, on the nature and scale of the changes proposed.

Changes to planned enhancement projects that do not substantially affect the overall settlement can be made via Network Rail’s change control process. The details of this process are outlined in Network Rail’s June 2009 publication Network Rail CP4 Delivery Plan 2009: Enhancements programme: statement of scope, outputs and milestones. In essence, Network Rail is the party which must formally propose any modifications to the planned programme, with agreement from funders and, crucially, the Office of Rail Regulation required. The change control process could potentially be used for making a number of adjustments to the original plans for the Control Period 4 enhancements programme, as both funders and Network Rail explore options for greater efficiency, and ensure that the planned works remain sufficient to deliver the requirements of the Government’s High Level Output Specification.

Any more substantial changes to the Control Period 4 settlement, particularly changes which would see a significant alteration to the level of funding provided by Government, could only be implemented via the interim review process. The decision on whether to initiate an interim review rests with the independent Office of Rail Regulation. The criteria that the Office of Rail Regulation would take into account in reaching such a decision are outlined in the document “Procedural approach to conducting an interim review in CP4”: http://www.rail-reg.gov.uk/upload/pdf/pr08-ir_proc.pdf

While I would not wish to compromise the Office of Rail Regulation’s decision making role, I am not aware of any plans for an interim review at this time.

5. The Transport Winter Supplementary Estimate includes a transfer of £350 million to the DCLG for affordable housing. £300 million has been taken from the railways capital programme, previously provided as part of the fiscal stimulus and £50 million from unallocated funds. What impact will this reduction have on planned capital projects on the railways?

Since the publication of Building Britain’s Future we have made a significant announcement of £1.1 billion on electrification. The immediate transfer of funds to DCLG referred to was from uncommitted funding, which was due to savings made as a result of the planned purchase of new diesel trains being superseded by the electrification work. Of course, the figures are still estimates and are still subject to revision. The transfer of funds in respect of social housing has not led to any change to the commitments of the Department after taking account of the decisions that have been made on diesel trains and electrification. There will be far less need for diesel trains and over about a 40 year period electrification will pay for itself through lower train and track maintenance, operating and leasing costs.

6. What is the total estimated cost to the Department of terminating and re-letting the East Coast mainline franchise, and how will this impact on the existing rail budget?

While the Department does not yet have a final cost for this process, our current estimate is that the immediate cost of the termination and transfer will be in the region of £15 million. The majority of these costs will be covered by the performance bond, which the Department has called, so we are not expecting any impact on the Department’s budget. However, the termination also means that the premium payments which National Express East Coast were contracted to pay the Government have now been foregone. Much of this will be recovered once the franchise is re-let and a new operator takes up premium payments. While
the franchise is operated by the state owned East Coast company profits will be returned to the Government in place of the expected premium payments, but it is not yet known the size of these payments, although it is expected that they will not be in the same order as the projected premium payments for the period.

The Committee also asked the following question:

7. Could the Department respond to reports that a cyber-attack was recently successfully carried out on the Maritime and Coastguard Agency involving information on the patrol patterns of offshore vessels guarding ports and coastal areas?

My colleague Paul Clark MP, the Parliamentary Under Secretary of State with responsibility for maritime matters, will write to the Committee separately on this issue.

December 2009

Supplementary memorandum from the Department for Transport (DfT) (PIR 42b)

During the 25 November session of the Transport Select Committee a question was asked about a recent cyber-attack on the Maritime and Coastguard Agency involving information on the patrol patterns of offshore vessels guarding ports and coastal areas. Chris Mole has asked me to reply to the Committee as I have Ministerial responsibilities for maritime matters.

As Chris Mole explained to the House on 20 July 2009 in response to a Parliamentary Question from Jenny Willott, it is not in the interests of the UK’s national security for departments to confirm information on attempts, successful or otherwise, to gain unauthorised access to departmental systems or databases. Such disclosure could undermine the integrity and security of departmental systems and thereby expose them to potential threats.

December 2009

Memorandum from Eurostar (PIR 43)

Eurostar welcomes the opportunity to respond to the Transport Select Committee’s inquiry looking at priorities for investment in the railways.

In formulating our response, we have selected only those questions to which we are able to offer considered and evidence-based answers. We have therefore answered questions 1, 3, 4, 5 and 6.

INTRODUCTION


Eurostar also offers through fares to the Continent from more than 300 stations across Britain, in partnership with First Great Western, National Express East Anglia, First Capital Connect, Virgin Trains, National Express East Coast, East Midlands Trains, London Midland, Chiltern Railways and Hull Trains.

1. In the medium to long term, what should be the main objectives for investment in the railways, in order to improve both freight and passenger services?

The Government should prioritise continued investment in the railway sector in order to alleviate the growing capacity restraints on existing infrastructure and to effect greater modal shift in the context of increased public awareness and acceptance of the effects of damaging CO2 emissions on climate change. This should include investment in electrification to further reduce emissions from rail transport as lower carbon sources of energy are developed.

3. What is the impact of rail enhancements on the economy?

Eurostar and its experience as the high speed rail operator between London—Paris/Brussels clearly illustrate the economic advantages brought by the investment in new rail infrastructure.

High Speed 1 is the first new mainline railway for 100 years and the principal practical effects have been to reduce the journey times between the centres of London and Paris/Brussels by circa 40 minutes to non-stop journey times of 2h15 and 1h51 respectively, as well as generating a punctuality for international journeys in excess of 95% (current performance since February 2009). Services are thus faster, more convenient and more punctual than any competing mode, resulting in both significant modal shift and a stimulus to business and leisure activity.

In international terms, the reduction in journey times has contributed to an increased market share for rail, and therefore reduced overall CO2 emissions as a result of higher load factors.
At the same time, the introduction of domestic high speed services has very significantly reduced journey times for commuters from Kent into London, and presented travellers from the South East with a greater range of connecting options when planning journeys to the Continent.

This echoes the experience of Lille, a city that has been transformed by its location on the crossroads of the northern TGV network, with direct links to Paris, Brussels and London. Twenty years ago it was struggling, with around 40% unemployment resulting from the decline in its traditional engineering and mining industries. It fought hard to ensure that the TGV network served Lille directly, rather than taking the shortest route between Paris and Calais via Amiens. The TGV has given Lille residents access to new job opportunities in Paris and Brussels, with significant commuting flows to both, and encouraged new businesses to locate there because of its superb accessibility. Unemployment is now 13%, only just above the French average.

Since launching services in 1994, Eurostar has doubled the size of the market of travellers between Paris and London. Furthermore, the number of French nationals now living and working in London and contributing to the UK economy has grown significantly in the last fifteen years—now ranking London as France’s sixth largest city in terms of population size.

Eurostar’s iconic status as the default means of travel for four out five journeys between London, Paris and Brussels underlines the broader changes in society that have been brought about by competitive journey times. An entire ‘Eurostar Generation’ has been influenced by the convenience of fast city centre to city centre journeys, giving rise to an explosion of cultural exchange—artistic, culinary, socially and employment-based—and this in turn has exposed the true potential of a modern transport link with consistently high reliability and low carbon emissions per passenger journey.

4. *How should long-term development of major new infrastructure, such as high speed lines, be balanced against short and medium term investment to improve capacity and passenger experiences?*

It is crucial to ensure that any short term improvements are not done at the expense of long term investment. The West Coast mainline has been subject to a much needed upgrading to enhance its performance. Nevertheless it is widely accepted that this route will encounter capacity constraints by the middle of the next decade. Large investment in new infrastructure—and there is a consensus building towards the need for HS2—will ultimately be required in order that capacity on the existing railway lines can be freed up for local stopping services and freight movements.

We must ensure that we develop a clear 30–40 year plan for railway investment if we are to achieve a maximum return and optimise the performance of new and emerging networks. As the Stern Review indicated, the decisions we make about infrastructure in the next 10 years will determine our emissions for the next half-century.

HS1 and its associated projects serve as a good model for what future schemes can achieve; the use of the line by domestic high speed services in addition to international trains has transformed journey times from Kent to London and extended the potential commuter catchments; the imaginative regeneration of St Pancras International has brought a welcome increase in London’s station capacity; and the high speed line itself has served to free up capacity on the existing classic lines into London.

5. *Is enough consideration given to the integration of rail with other transport modes, and with demographic developments, such as new housing developments, when rail investment decisions are made?*

In short we do not believe that enough consideration is currently given to the overall integration of rail both with other modes of transport and with the longer term planning and development of local communities.

In terms of access to stations more can and should be done to integrate rail with other forms of transport used for onwards travel. The government’s recent initiative to increase and improve bicycle parking facilities across the UK is welcome, and the principle of improving onwards connections should be extended to provide greater integration and promotion of innovative schemes such as car sharing.

As the growth of rail transport continues apace, it is not simply the capacity on the tracks that needs consideration but capacity at supporting infrastructure such as station car parks. Greater integration of alternative transport connections such as bus and bicycle and the promotion of car sharing schemes would not only begin to tackle some of the space and planning issues presented by car parking at stations but would create an additional environmental advantage for end to end journeys incorporating rail.

Eurostar’s experience of high speed’s rail’s role in economic regeneration in the UK illustrates the need for an institutional approach to cross departmental exploitation of rail investment.

For example, Ebbsfleet International is currently one of the few active elements in the Ebbsfleet Valley development and Eurostar would welcome an increase in the pace with which additional development comes on line.

Greater coordination between government departments would ensure that the potential for railway investment to bring added benefits to established and developing communities is maximised.
6. **Is enough consideration being given to the views of passengers in making investment decisions on the railways?**

The importance of the views of future passengers is in many ways as important as those who currently choose to use the railways.

Arguably price, punctuality and convenience are the leading concerns of established passengers on the UK’s railways, but the image of rail travel and its environmental impact are also increasingly important factors in persuading the public to consider rail travel.

The experience of Eurostar, SNCF and other high speed rail operators around the world is that journey time also has a big and direct influence on travellers' preference of transport mode.

Since 1994, Eurostar has more than doubled the total number of passengers travelling by air or rail between London and Paris. The market share for rail between London and both Paris and Brussels is now in excess of 75%.

There are no flights at all now between Paris and Brussels, as a result of the half-hourly Thalys high speed service between these two capitals.

The rail market share between Madrid and Seville rose from 19% in 1991 to 53% after the introduction of high speed rail in 1997.

Between Paris and Marseille the rail market share rose from just 22% in 1999 before the introduction of the TGV to 65% in 2005.

Recent consumer research undertaken by Eurostar has indicated that environmental concerns are important for travellers.

54% of people surveyed in the UK say that the recent economic downturn has not affected their commitment to reducing emissions.

43% of people in the UK are still willing to pay extra for environmentally friendly products.

48% of people in the UK say they take environmental impact into account before booking.

October 2009

Memorandum from Transport for London (TfL) (PIR 44)

1. **Summary**

1.1 Transport for London (TfL) is pleased to respond to the Transport Select Committee’s inquiry into priorities for investment in the railways.

1.2 The Department for Transport (DfT) published its 30 year vision for National Rail in July 2007 as well as a High-Level Output Specification (HLOS) for the passenger railway. Shortly after, the go-ahead for Crossrail was announced. TfL had already started from November 2007 an upgrade of London’s orbital railways under the banner of “London Overground”.

1.3 TfL and DfT have taken the first steps towards a real improvement in London’s railways. Whilst there are plans for an unprecedented investment in the railway, some slippage is already emerging, including the deferral of improvements to the frequency of trains on the Finsbury Park to Moorgate route. TfL strongly urges that HLOS1 is delivered in full and to timescale.

1.4 HLOS2 presents a series of longer term, and additional, challenges. TfL believes that the focus for investment and indeed management resources in the period 2014–19 should be on:

- Targeted additional capacity/capability:
  - Passenger trains.
  - Stations.
  - Freight, including freight interchange.
  - Specific international links to airports and ports.
- Carbon reduction, the greatest single challenge.
- Improving the railway’s level of customer service, for example through simplifying the customer proposition through for example:
  - consistent standards for facilities, personal security and information at London’s National Rail stations similar to those of the London Overground, and
  - a less disrupted railway that operates seven days a week.
— Improving fairness, for example by continuing to improve accessibility to the railway.
— Greater coordination and integration between transport modes, for example in the areas of fares and ticketing and service planning.
— Greater efficiency, making the most of the resources the industry has at its disposal.
— Greater responsibility and accountability for London’s suburban rail network by the Mayor of London.

1.5 Given public finances, it is more necessary than ever for the rail industry to make the most of the investment the industry has recently enjoyed. TfL believes this can more readily be met by giving TfL greater powers of integration in order to maximise revenues and reduce whole (public transport) industry costs. Examples are:
— TfL could, where appropriate, provide rail replacement bus services using its regular service bus routes.
— A stronger service planning role for TfL would reduce the need for bus and Underground feeder services from the main termini by making better use of interchange at stations such as Clapham Junction and Stratford.
— A simpler customer proposition in terms of facilities, fares and ticketing which has time and again been shown to lead to more demand and higher revenues.

A budget to operate London’s rail network would enable the Mayor to balance and prioritise London’s transport needs, priorities and service standards across the capital.

1.6 The means by which this will be implemented in practice will affect not just Network Rail and its future enhancement programme, but also the content of future franchises. TfL also believes that there should be an enhanced role for a future National Station Improvement programme and a future generation of Station Travel Plans to drive the delivery of more consistent standards.

2. INTRODUCTION

2.1 The Transport Select Committee has announced a new inquiry into priorities for investment in the railways.25

2.2 TfL has already welcomed the DfT’s framework for strategic planning as set out in Delivering a Sustainable Transport System. Specifically, TfL welcomes the publication in summer 2012 of a 30 year vision for transport, as well as the High-Level Output Specification, not just for the passenger railway, but also for rail freight and highways. TfL is therefore pleased to take this opportunity to set out its objectives for rail services in London.

3. CONTEXT FOR TfL

3.1 London is Europe’s fastest growing city with the population expected to increase by one million over the next 20 years.26 For the capital to remain a key driver of the national economy, the city’s rail system needs substantial improvement. This was recognised in HLOS1, and there is a substantial investment programme. However, this will not solve the challenges the railway faces by any means.

3.2 London’s continuing economic prosperity depends heavily on the city having a good rail system. It has the smallest motorway system of any comparable world class city, but one of the largest rail networks. It relies on its rail network to bring employees from a wide area into a business centre where high job densities and productivity result in considerable wealth generation for the UK. One of the reasons for the high productivity levels is that the rail network allows London’s businesses to employ skilled people in a labour market that extends far outside the boundaries of the city. The employment density of the urban cluster that rail serves is unique. There are only five local authorities in the UK with employment densities of more than 5,000 jobs per square kilometre and all are in central London. The City of London has a density of 130,000 jobs per square kilometre.27

3.3 For these reasons, TfL welcomed the Government’s decision to commit to investment in London’s railways during Control Period 4. In summary, this included a number of vital enhancements to the existing infrastructure:
— a new east-west rail link—Crossrail 1—as the only realistic solution to capacity issues into London and through central London;
— an upgraded main north-south route—Thameslink;
— lengthening some trains and some platforms on South West Trains, Southern South Eastern, C2C, and West Anglia, and
— purchase of additional rolling stock and reconfiguration and refurbishment of existing stock to make best use of existing infrastructure.

3.4 TfL has also committed an investment of £1.3 billion to upgrade London’s orbital rail routes. This includes the extension of the East London line from Highbury & Islington to Croydon; the upgrade of North London Railways; and its complete re-equipment with new and longer trains.

4. Questions

4.1 Question 1: *In the medium to long term, what should be the main objectives for investment in the railways, in order to improve both freight and passenger services?*

4.1.1 In London, the process of revising the Mayor’s Transport Strategy is underway, and means that TfL has recently identified the challenges facing London’s transport network to meet the Mayor’s vision of London:

> “London should excel among global cities—expanding opportunities for all its people and enterprises, achieving the highest environmental standards and quality of life and leading the world in its approach to tackling the urban challenges of the 21st century.”

4.1.2 The transport vision for London is guided by the five broad goals below:

- Support economic development and growth.
- Enhance quality of life.
- Improve safety and security.
- Provide transport opportunities for all.
- Tackle climate change.

4.1.3 A sixth goal to deliver the London 2012 Olympics and Paralympic Games will also influence the future of transport in London.

4.1.4 The DfT has consulted on an updated set of national transport objectives, as set out in Delivering a Sustainable Transport System. As shown in Figure 1 below, the objectives of the Mayor and TfL are closely aligned.

![Figure 1: TRANSPORT OBJECTIVES](image)

- **Mayor’s transport objectives**
  - Supporting economic development and population growth
  - Providing a better quality of life for all Londoners
  - Ensuring the safety and security of all Londoners
  - Improving transport opportunities for all Londoners
  - Tackling climate change
  - Delivering the London 2012 Olympic and Paralympic Games

- **Department for Transport**
  - Support national economic competitiveness and growth, by delivering reliable and efficient transport networks
  - Improve quality of life for transport users and non-transport users, and to promote a healthy natural environment
  - Contribute to better safety security and health and longer life-expectancy by reducing the risk of death, injury or illness
  - Promote greater equality of opportunity for all citizens
  - Reduce transport’s emissions of carbon dioxide and other greenhouse gases [to tackle] climate change

4.1.5 This close alignment leads to TfL agreeing that these objectives are the right ones against which to prioritise investment in the railways to improve freight and passenger services.

4.2 Question 2: *How should these objectives be determined?*

4.2.1 The rail industry’s objectives should be consistent not just with transport policy as a whole but also wider government policy, both at national level and at regional level.

---

TfL analysis from DfT’s Delivering a Sustainable Transport System and Mayor’s Transport Strategy, statement of Intent.
4.2.2 TfL believes that the process set out in the DfT’s strategy document *Delivering a Sustainable Transport System* is a good means by which objectives for transport as a whole should be set, by taking into account the Eddington Study and the Stern Review.

4.2.3 The *Eddington Transport Study*, published in December 2006, recognizes transport’s role as a key enabler of productivity and competitiveness; stressing the need for Government action to avoid transport constraints hampering the economic growth of the UK. Prioritising improvements in growing and congested areas, particularly London and the south-east region, will allow the railways to make a substantial contribution to economic expansion. London is heavily dependent on the success of the transport system for its economic health. Rail is a critical component of this system, accounting for 76% of all commuter journeys into central London. In fact, 36% of all rail journeys in the UK are made wholly within the Greater London boundary.

4.2.4 According to the Eddington Study, reductions in travel time for both passengers and freight can have a significant impact on improving both labour productivity and cost savings. It is estimated that a 5% reduction in travel time for all businesses and freight travel on roads can generate £2.5 billion of cost savings, or 0.2% of GDP. Given London’s unique circumstances, it is estimated that an additional 30% in time-savings benefits will accrue for some transport schemes in the Capital. Rail in London is uniquely positioned to have a substantial impact on the reduction of travel times and delays associated with congestion.

4.2.5 The *Stern Review on the Economics of Climate Change*, published November 2006, signalled a widespread recognition of the importance of sustainability and the measures necessary to avert large-scale climate change. As the UK’s primary urban conglomeration, London is a substantial contributor to greenhouse gas emissions. Some 22% of these emissions are transport related and, more specifically, road vehicle related. The Mayor’s ambitious plans to reduce carbon emission focus largely on promoting a modal shift away from private road transport to public transport. Rail can move both passengers and freight efficiently and at significantly lower levels of carbon emissions.

4.2.6 There are other factors that should affect transport objectives identified by TfL and incorporated in the Mayor’s Transport Strategy and by the rail industry as well for example in “The Rail Industry Sustainable Development Principles”. Extensive research has shown the value of improving the journey experience itself. This covers factors such as speed, reliability, comfort and the quality of the travel environment in terms of its cleanliness, customer friendliness, and indeed the built environment or “urban realm”.

4.2.7 Other objectives should support Government environmental policy more widely. For this reason, the Mayor’s Transport Strategy contains an objective to reduce air pollutant emissions from ground-based transport, contributing to EU air quality targets, reducing impacts of noise, and helping to improve health impacts. Transport can also contribute to the safety and security goals, with the objective of reducing crime, fear of crime and anti-social behaviour as well as reducing casualties on public transport networks. Finally, rail transport has a long way to go to meet government policy in the area of physical accessibility of the transport system, and this should therefore remain an important objective.

4.2.8 Successful investment will lead to progress against all the goals, though there can be tension between them when considering decisions about the different options for future investment and the level of resource given to each. In particular supporting economic growth while reducing greenhouse gas emissions are likely to be the most challenging to deliver in parallel, at least in the short term. Again, however, there will be examples of synergy between different goals.

4.2.9 The expected state of the public finances means that transport will be expected to demonstrate how it will be making the most of the resources we have got, for example through efficiencies and maximising return on the investment from HLOS1. Integration between the modes here can enable this.

4.3 Question 3: *What is the impact of rail enhancements on the economy?*

4.3.1 London and the South East are critical to the success of the UK economy. London is a world-leading financial centre, it has more corporate headquarters than any other European city, it provides many major tourist attractions and it acts as a global centre for cultural and creative industries. As such it competes with other global centres such as New York, Paris and Frankfurt. London’s success in the global market place brings substantial benefits to the nation with the wider South East region making up a third of the UK’s total GDP and Greater London itself nearly 20% of GDP. London is 30% more productive than the rest of the UK and makes a net contribution of £9–15 billion to the national exchequer. In short, investments that make a demonstrable improvement to London’s economy will have a significant impact on the UK as a whole.

---

29 TfL central area peak count.
30 National Rail Trends, 2007–08.
33 RSSB Sustainable Rail Programme, February 2009.
35 As measured by GVA per capita. Source: Regional Trends 2008.
4.3.2 Rail is vital to London, as it provides the only effective solution to transporting large numbers of people, relatively quickly, from the suburbs and the South East of England into Central London. As mentioned earlier, 76% of journeys to central London are by rail including London Underground, 43% by National Rail, and Londoners travel 2.5 times as far by rail as the average UK resident. Impvements to London’s rail system will affect more people and have greater economic impact than elsewhere.

4.3.3 However, rail’s strong position in the market is not because of its current high quality. London’s railways are under great stress, with passenger satisfaction lower and crowding substantially worse than other UK regions. The current committed investment will improve this in the period to 2017 when Crossrail is delivered. Notwithstanding the recession, long-term growth in jobs and population is anticipated to resume with population expected to grow by over one million by 2025. The recession has not affected this underlying trend: the Greater London Authority’s most recent population projections, published in April 2009, show an increase in London’s 2026 compared with 2006 projections. The south eastern region also shows a substantial increase of 13%.

4.3.4 If nothing is done, then some routes where demand is expected to grow particularly rapidly will become very stressed in the absence of additional investment. TfL believes railways should not become once again the poor relation of transport in London, given the scale of the rail transport task they face and given that London’s rail system is more necessary than anywhere else.

4.3.5 The Eddington Review, commissioned by DfT and the Treasury in 2007, established the case for investing in transport infrastructure, particularly where existing infrastructure demonstrably faces capacity constraints (as is already the case in London). It is simply not credible for London to remain a driver of the UK economy and competitive with other world cities without a rail system that meets not just its current needs but also its future growth.

4.3.6 This sets London’s key transport challenge as one of delivering people swiftly from their homes in the London suburbs or the wider South East, to a geographically concentrated central business district. The effectiveness of the Capital’s transport infrastructure will be critical to cater for this growth. Rail will be the dominant mode in this.

4.3.7 If the Government does not continue to facilitate transport improvements from 2014 onwards, then this will have a long-term adverse impact on companies deciding to locate in London. These companies are unlikely to move to other areas of London or the UK, as they tend to cluster around Central London to gain efficiencies arising from the co-location of other similar businesses (ie in the financial services sectors) thereby losing the UK economy billions of pounds of investment and much needed tax revenue. Businesses are more likely to relocate to other international centres such as Paris or Frankfurt. The UK will also face reduced employment, accessibility and urban regeneration opportunities.

4.3.8 Projections show that rail passenger demand will increase over the next 20 years by some 30 to 40%. Currently funded rail projects add 25% to rail capacity. The committed investment will ease crowding significantly in the next five years, but will worsen once again as employment and population continue to rise without further any investment after Crossrail opens.

36 Source: National Travel Survey as reported in Regional Trends.
38 TEMPR0 dataset v5.4.
39 TfL estimate.
4.3.9 TfL does not believe that demand management techniques alone can solve crowding problems. There is already a degree of peak pricing built into the fares structure, for example with the off-peak Travelcard, cheap day returns and Oyster pay as you go, and its extension to other ticket types can make a further contribution to meeting the challenge of growth by encouraging people to travel at quieter times of day. Technology such as teleworking also offers opportunities to reduce the need to travel, while TfL’s programme of smarter travel measures should reduce pressures on public transport to some degree. However, these do not provide a panacea, and TfL estimate that growth in the peaks will still be substantial.

---

**Figure 2**

STRESS ON THE LONDON RAIL NETWORK

Key to corridors:

<table>
<thead>
<tr>
<th>Letter</th>
<th>Corridor</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>South Eastern Trains—North Kent lines (Woolwich, Bexleyheath and Sidcup)</td>
</tr>
<tr>
<td>B</td>
<td>South Eastern Trains—Orpington, Hayes and Bromley lines (to London Bridge and Victoria via Herne Hill and Catford Loop)</td>
</tr>
<tr>
<td>C</td>
<td>Southern Railway—Croydon lines and First Capital Connect—Brighton Main Line</td>
</tr>
<tr>
<td>D</td>
<td>Southern Railway—Sutton lines, First Capital Connect—Wimbledon loop</td>
</tr>
<tr>
<td>E</td>
<td>South West Trains—South West Main Line to Woking via Surbiton and Worcester Park</td>
</tr>
<tr>
<td>F</td>
<td>South West Trains—Windsor lines (including Richmond Loop)</td>
</tr>
<tr>
<td>G</td>
<td>Heathrow Express, Heathrow Connect, First Great Western—Great Western Main Line and South West Trains—Hounslow loop</td>
</tr>
<tr>
<td>H</td>
<td>Chiltern Railway—Birmingham Main Line</td>
</tr>
<tr>
<td>I</td>
<td>Chiltern Railway—Aylesbury Line, London Overground—DC Lines (Watford–Euston)</td>
</tr>
<tr>
<td>J</td>
<td>First Capital Connect—Midland Main Line</td>
</tr>
<tr>
<td>K</td>
<td>First Capital Connect—Great Northern</td>
</tr>
<tr>
<td>L</td>
<td>West Anglia Main Line (via Seven Sisters and Tottenham Hale)</td>
</tr>
<tr>
<td>M</td>
<td>Chingford branch</td>
</tr>
<tr>
<td>N</td>
<td>Great Eastern Main Line</td>
</tr>
<tr>
<td>O</td>
<td>c2c lines (mainline to Upminster and Rainham loop)</td>
</tr>
</tbody>
</table>

For example, most rail links have capacity at peak times, though some services (especially longer distance) may still be crowded, resilient to all but major disruptions or events.

For example, most rail links very crowded with demand approaching capacity at peak times, though some services less heavily loaded; limited resilience.

Highly ‘stressed’, for example key rail links extremely crowded with demand at, or exceeding, capacity at peak times; little resilience to even minor disruptions or events.
4.3.10 The immediate impact on passengers is obvious, but there are a number of other consequences, such as delays and longer journey times, as the efficiency of the railways buckles at peak times under the weight of numbers. This ultimately will affect the business efficiency of Central London.

4.4 Question 4: How should long-term development of major new infrastructure, such as high speed lines, be balanced against short and medium term investment to improve capacity and passenger experiences?

4.4.1 The long-term development of major new infrastructure, such as high speed lines, is not necessarily in conflict with investment to improve capacity for freight and passenger on the main lines into London. A new line to the Midlands and the north west of England for example would release capacity on the West Coast mainline; TfL would wish to see this capacity reused by suburban services as well as providing capacity for the expected increase in cross-London container freight flows from the Thameside ports to the Midlands.

4.4.2 Employment growth in London over the past decade has led to significant levels of crowding on both National Rail and Underground routes in the Capital. Both rail and Underground generally operate at capacity, resulting in heavy crowding on most lines but particularly the Victoria, Jubilee, Central and Northern lines on the Underground and routes into London Bridge, Waterloo, Victoria, Moorgate and the Thameslink core on National Rail.

4.4.3 Employment and population in London are projected to rise notwithstanding the recession, and so a major investment programme is underway by both TfL and Network Rail to introduce new capacity. The industry as a whole needs to anticipate this through the development of schemes not just in the short-run, but also the medium and long-run too.

4.4.4 The case for new lines is unlikely to be compelling unless there is no longer capacity on the classic routes. TfL wholly supports the development of new lines where there is a case in the next control period for delivery in the 2020s.

4.5 Question 5: Is enough consideration given to the integration of rail with other transport modes, and with demographic developments, such as new housing developments, when rail investment decisions are made?

4.5.1 With 44% of rail journeys in London involving transfers to LU or Docklands Light Railway (DLR), TfL believes that integrated solutions across all modes in London offer the most advantages to customers. There is a pressing need to integrate better National Rail services with Overground, Tube, DLR and Tram as well as TfL’s extensive bus network to deliver seamless journeys and fares for passengers as well as better value for the taxpayer. South London, for example, suffers from a much poorer perception of connectivity because of the way in which the National Rail network is presented and operates. Public transport usage is only four-fifths of that in North London, while car use per capita is 10% higher—congestion and journey speeds are thus commensurately worse than North London.

4.5.2 TfL has a clear role to ensure the interchange between modes is as seamless as possible—for example ensuring that the ticketing system covers all modes and is as simple as possible. Many of the changes and innovations described above match TfL’s strategic aspirations, and therefore our role in pricing and planning needs to be comprehensive in order to ensure that the transport system as a whole can make best use of these developments. As a multi-modal service provider, TfL would be able to ensure that improved interchanges benefit from technological advances and improved services. This could be as simple as providing adequate signage or physical access that ensures modal transfers are quick and seamless. It may also involve additional technological innovation that provides passengers with greater knowledge of transfer options and more effective trip planning.

4.5.3 The introduction of Overground with standards consistent with other TfL modes has been highly welcomed by passengers. Unlike elsewhere, patronage is increasing despite the economic downturn and ticketless travel (fares evasion) is down by over 10%. Overground stations are now clean and well maintained. The Overground model of rail services under the Mayor’s direction should be now extended across the rest of London. The inner suburban element of each London rail franchise should be specified and managed by TfL. London-wide rail services should be operated to the same byelaws and travel conditions as the rest of TfL (for example the Penalty Fare and alcohol rules are different) and branded accordingly.

4.5.4 Under the current arrangements, convincing Train Operating Companies (TOCs) to introduce new technology is both difficult and time consuming. The up-coming introduction of Oyster ticketing has proved exceptionally inefficient and slow, despite TfL’s offer to fund capital works.

4.5.5 In summary, service integration is a theme of previous White papers, and can be better delivered by:

- The Mayor being allocated a rail budget for London for all suburban passenger services.
- Common rail, Overground and LU fare levels.
- Inner suburban services to be franchised to Overground standard with same performance indicators to allow a comparison of quality.
- Gross cost contract operated by private sector specified by TfL.

---

41 TfL origin and destination data.
— Mayor to be cosignatory to franchise contract where franchise covers both suburban and long distance services.
— Inner Suburban services should be branded Overground.
— All London fares to be set by the Mayor.
— Conditions of Travel in London should be same for Overground and National Rail services.
— Inner suburban stations to be transferred on long lease to TfL.

4.5.6 In terms of integration with land-use planning more broadly, both the Eddington Study and Barker Review of Land Use Planning, published in 2006, highlight the need for strong linkage between transport and local planning. Given the economic importance of the UK’s cities and regions, there is a strong case for local decision making to deal with local issues. This is particularly the case with regard to local transport provision and the Eddington Study strongly endorses the idea of enhanced sub-national decision-making as a means to a more efficient and responsive transport policy.

4.5.7 In London the form that this has taken has been the development together of the London Plan (spatial land-use strategy) and Mayor’s Transport Strategy. This ensures that planning is joined up; the impact of one upon the other is explicitly taken into account. TfL also ensures that the impact of developments upon transport is recognised and where appropriate mitigated, for example through “section 106” contributions. Crossrail will also be partially funded from a supplementary business rate.

4.6 Question 6: Is enough consideration being given to the views of passengers in making investment decisions on the railways?

4.6.1 The simple answer is no. Neither local residents nor rail passengers in London would say they have a significant say in the planning or operation of their local rail service. Many of them would assert that rail services in London appear predominantly planned and funded by the largely remote and completely centralised DfT and Network Rail. In contrast bus, Tube, and tram services in London are planned and operated by TfL which is directly accountable to London’s elected Mayor. Stakeholder engagement is central to decision-making by the Mayor. He is elected on a mandate which includes manifesto promises in respect of public transport and he has personal ownership and accountability for his Mayor’s Transport Strategy.

4.6.2 There are six main requirements that customers consistently say they want from their rail journey:
— Speed—customers want to reach their destinations quickly, with minimal delays.
— Safety—customers want to feel confident and secure.
— Environment—customers want clean and pleasant trains, stations and facilities.
— Simplicity—customers want a rail system that is easy to use and understand, integrated with other transport services and accessible to all.
— Reliability—customers need confidence in the level of service provided, with problems quickly rectified, and good passenger information.
— Comfort—customers want to travel in relative comfort in carriages that are not filled to over capacity. Transport for London has undertaken research to define a consistent and customer-friendly level of service quality on trains and stations cost effectively. These quality standards cover cleanliness, information, personal security, facilities and staffing. They enable the organisation to focus its activity to best effect on meeting these standards while giving customers confidence in using the system and thereby improving their perceptions.

4.6.3 TfL would like to see such standards applied across National Rail as well as TfL services. This reflects the fact that research shows that rail passengers have similar needs to TfL passengers more widely. There is no particular reason for rail to be treated as an exception. Rather, it should be integrated as closely as possible, so the better it can play the maximum role possible in meeting London’s transport challenges.

4.6.4 This is reflected not just within TfL policy but increasingly at a national level too. The Secretary of State has announced a proposal to improve the consistency of standards at National Rail stations, and the DfT is preparing terms of reference on developing these standards according to the level of footfall at a station.

4.6.5 Such standards could then be measured regularly by both Mystery Shopper Survey and specific performance measures to ensure a consistently welcoming passenger experience, on a comparable basis across all franchises and all modes. TfL’s analysis concluded that there were significant revenue benefits from applying consistent station standards as well as increased customer satisfaction.

42 A tool used by market researchers to measure quality of service. Mystery shoppers posing as normal passengers perform tasks such as purchasing tickets, asking questions of staff, establishing the presence of accurate information, degree of cleanliness, etc. They provide detailed quantitative feedback about their experiences.
4.6.6 Naturally, over time there will be changes in the passenger market that will affect the type of services demanded by customers. Demographic shifts in age and income composition coupled with potential changes in work patterns will require transport operators to adjust the type of service they provide. Increasingly, new technology will push the expectations and demands of passengers ever higher.

4.6.7 Given these changes, the industry must focus on improving services and using technological innovations to push service enhancement further and bring down costs.

4.6.8 Given the expected changes in the customer market, TfL believes that the long-term strategy must provide for a higher quality of service, including:

— more off-peak services for the growing leisure market;
— meeting the need of workers with increasingly flexible working hours, and
— better step-free physical access, given an ageing population.

4.6.9 TfL welcomes the role of Passenger Focus in the development of Network Rail’s route utilisation strategies and DfT’s franchises because of the expertise it brings in ensuring passenger interests are fully reflected. TfL also believes that benchmarking customer service performance through the National Passenger Survey across franchises is a very important means of driving up standards. This common approach should be extended to other measures in the service quality management system found within franchises. At the moment, both the measures themselves and the targets are set on a case by case basis in such a way that no comparison is possible across train operators.

4.7 Question 7: What should be the key priorities for the next High Level Output Statement?

4.7.1 TfL believes the following should form the key priorities for the next High Level Output Statement:

— targeted additional capacity/capability:
  — Passenger trains;
  — Stations;
  — Freight, including freight interchange;
  — Specific international links to airports and ports;
  — carbon reduction— the greatest single challenge;
  — improving the railway’s level of customer service, for example through simplifying the customer proposition through for example:
    — consistent standards for facilities, personal security and information at London’s National Rail stations similar to those of the London Overground;
    — a less disrupted railway that operates seven days a week;
  — improving fairness, for example by continuing to improve accessibility to the railway;
  — greater coordination and integration between transport modes, for example in the areas of fares and ticketing and service planning, and
  — greater efficiency.

TRAIN CAPACITY

4.7.2 To meet this challenge TfL is developing proposals as part of the new Mayor’s Transport Strategy to define solutions for London’s travel needs. This projects passenger rail demand growth of 40%, estimated the extent to which demand management can play a role, and identified where additional capacity is required.

4.7.3 TfL has also started to identify specific schemes that will ensure London’s rail network can cater to future passenger and freight growth beyond 2014:

— West Anglia: more capacity through a greater number of 12-car trains and a turn-up-and-go service between Cheshunt and Stratford in the fast growing Lea Valley where there are significant regeneration plans.
— South-western: more capacity through running more 10-car trains along the route between Staines, Feltham, Putney, Clapham Junction and Waterloo.
— Overground: more capacity through longer trains on these fast growing routes, with some opportunities to expand its coverage.
— Some additional capacity on some specific stressed routes, for example between Finsbury Park and Moorgate and Bromley South and central London.
— Improved interchange at a dozen locations by a combination of calling more services and changes to the stations themselves to effect better links between orbital and radial routes and reduce station congestion.

— Freight capacity around London north of the Thames from the fast growing container ports to the Midlands and north of the country, and provision of interchange terminal capacity near London.

4.7.4 TfL is starting to assess the value for money of these improvements. For example, TfL’s proposed improvements to the West Anglia services have a benefit cost ratio of 1.9:1, more than the wider economic benefits as recommended in the Eddington report are included. The proposals also enhance accessibility, bringing another more people within reach of jobs, goods, and services. The scheme will also aid regeneration of the Lea Valley, and affect directly some of London’s most deprived wards. TfL is working closely with DfT and Network Rail to ensure that the strategy and solutions are consistent with wider National Rail objectives.

4.7.5 Additional capacity for the routes into Waterloo is also value for money (a benefit cost ratio of more than 3:1), as are a package of other capacity enhancements. The total value across London as a whole is £2 billion over the five year period.

4.7.6 These proposals complement current investment programme not just on National Rail but also on other parts of London’s passenger transport system, such as Underground and DLR enhancements, interchange development, improvements to London bus services, multi-modal ticketing systems, cycling and pedestrian initiatives.

4.7.7 Increasing the amount of passenger capacity will require additional rolling stock. Given limited resources, a cheaper and quick way to do this is to extend the life of existing rolling stock. The ability to do this however, is constrained by 2020 deadline associated with the implementation of the People of Reduced Mobility Technical Standard for Interoperability and/or Rail Vehicle Accessibility Regulations. This implies some quite costly changes to rolling stock, which is not always worthwhile where trains are already 25 or more years old. Consideration should therefore be given to some flexibility in their interpretation to ensure that basically sound assets are not scrapped unnecessarily, at the cost of enhancements elsewhere on the system.

**STATION CAPACITY**

4.7.8 Just as with the train service, many National Rail stations are congested at peak times and enhancements to station capacity are required in order to improve customer service and to enable London’s growth in rail demand to be accommodated. This is an area where HLOS1 gave less priority, but where spare capacity is now running out at many locations. HLOS2 should therefore set aside monies for a programme of cost effective station capacity enhancements. Particular priorities are:

— some central London termini such as Charing Cross and Fenchurch Street;

— Clapham Junction station where the subway, stairways and entrances are regularly overwhelmed by passengers, and

— a package of other medium sized stations with severe congestion either already or emerging, including East Croydon, Finsbury Park, Bromley South, Wimbledon, Vauxhall, and Barking.

4.7.9 TfL’s analysis shows that these need not always be expensive, and that small scale improvements to remove pinch-points can offer good value to money. An example package would cost £100 million over five years and have a benefit cost ratio greater than 2.1.

**FREIGHT CAPACITY**

4.7.10 In addition to the increased capacity of passenger services, the long-term strategy should also look to improve freight systems and capacity in London and the surrounding regions. It is anticipated that as early as 2014, the number of trains along certain routes will increase by 60%. Given the projected increase in London’s population and the proposed expansion of rail services, any additional freight traffic will place substantial pressure on existing network capacity. The need to improve freight capacity is supported by the Mayor’s Transport Strategy (MTS), in which the importance of encouraging the transfer of goods to more sustainable modes of transport is considered an important goal in so far as it helps reduce congestion and carbon emissions.

4.7.11 Currently, there are large volumes of through freight in London, the most important category of which is deep sea containers from the East Coast ports to destinations on the West Coast Main Line. Maritime container traffic is also expected to be the fastest growing category over the next 10 years with an expected increase of over 64%. It is also anticipated that freight traffic through the Channel Tunnel could grow to six million tonnes of freight by 2014–15, compared with two million tonnes today. In order to meet

---

43 Source: TfL analysis of costs and benefits.
44 List of medium sized National Rail stations includes Balham, Putney, Orpington, Peckham Rye, Putney, Surbiton, Sutton. There are also some London termini where there is congestion of course, as well as stations on the route of Crossrail where there are proposed funded works.
45 TfL estimate of costs and benefits.
46 Network Rail Freight route utilisation strategy.
this growth challenge effectively, the planning of passenger and freight capacity and capability needs to be integrated. The current system presents a number of challenges to the development of the full range of modern facilities which are needed to encourage rail freight serving London’s needs.

4.7.12 In order to meet these challenges TfL’s proposes a number of solutions, including:

— further capacity and capability schemes inside London such as the Barking to Gospel Oak route;
— further capacity and capability schemes outside London, including the full upgrade of the Felixstowe to Nuneaton cross country route;
— Schemes which encourage better use of the network, such as freight train lengthening and trains that can keep pace with passenger traffic, and
— Terminal development—strategic facilities for developing large scale value adding activities on rail connected sites (eg for primary retail distribution customers).

INTERNATIONAL LINKS

4.7.13 TfL is also supportive of both improvements to passenger and freight’s international links. Notably, this includes the main Lea Valley line to Stansted, and also the freight routes to Thameside and Haven ports on the East coast.

4.7.14 The Mayor is supportive in principle of the development of a new high-speed rail line to the North and locating the London terminus in the central area would maximise access to jobs and London’s population, and enable efficient onwards dispersal of high-speed line passengers.

CARBON REDUCTION

4.7.15 The greatest environmental challenge we face today is climate change. While other environmental challenges such as air quality and noise pollution are important, the impact of climate change carries a far greater risk. The reduction in greenhouse gas (GHG) emissions is now a major part of Government policy—witness the Stern Report and the profile its launch enjoyed. It is also an objective of the Eddington Study, despite its explicit focus on the economy.

4.7.16 Climate change is a priority for the Mayor. London is already the UK’s most carbon efficient region per pound of economic activity, but the Mayor has pledged to reduce the volume of emissions by 60% by 2025 (compared with 1990 levels). Reduction in GHG is an explicit transport objective for the Mayor. The 4% modal shift from cars to public transport in London—an unprecedented success anywhere in the world—has made a big contribution to helping keep London’s transport emissions down despite economic and population growth in the period from 1999.

4.7.17 Whilst private cars and road freight are comfortably the largest contributors, only 4% of GHG emissions are due to rail operations. TfL is encouraging this through a range of means:

— improved energy efficiency and reducing consumption through for example, efficient use of resources (reduce empty running or remove or shorten trains with low load factors), enabling regenerative braking or “intelligent” trains that reduce power consumption, reducing transmission losses through the use of low-loss conductor rail, lighter weight trains, installing low power lighting and energy efficient equipment where possible, and building design and improvement, for example building insulation and the installation of low power lighting and energy efficient equipment at stations;
— supporting land-use changes in the London Plan that reduce emissions;
— encouraging the switch from high emission modes, such as the car, and
— producing a switch to low-carbon technologies, such as development of hybrid engines and procuring more energy from green sources, and installing photo-voltaic cells, windmills, and micro-generation.

This extends to encouraging correct behaviours such as:

— Driver behaviour—increase coasting, smoother and gentler acceleration and deceleration, only turn lights on when necessary, have optimum heating and air conditioning levels, turn off heating and lighting over night, turn off rectifiers and transformers when not in use.
— Station staff behaviour—efficient use of energy by, for example, turning on appliances and lights only when necessary.

47 TfL, Transport 2025, 2006, p 34.
48 Mayor’s Climate Change Action Plan, figure x, page xxiv.
**Improve Customer Service**

4.7.18 TfL’s research has defined a value for money set of customer service standards covering cleanliness, information, personal security, facilities and staffing which it applies consistently across its modes. There is no reason why these could not be extended to National Rail as well, given research shows that rail passengers have similar needs to TfL passengers more widely.

4.7.19 In London, TfL believes that Overground service standards provides an evidenced template that HLOS2 and the franchising process could readily follow. Indeed, it has already been adopted for the new South Central franchise, which started on 20 September 2009, with more than 40 stations and extensive route patterns.

4.7.20 The minimum standards include:

- staffing over the traffic day with improved customer and technology skills;
- Oyster acceptance and retailing through ticket machines within Travelcard Zones 1 to 6;
- station facilities such as seating and shelters and better integration with other, sustainable modes—cycle storage, safer pedestrian access routes, bus stop facilities;
- multi-modal customer information at stations, through posters and electronic means, on-system and off, scheduled and real-time;
- security features such as lighting, CCTV and help points;
- graffiti removal, litter removal and cleaning;
- train frequency of at least four trains per hour on each route where the infrastructure allows this up to 23:00, and
- first and last trains broadly aligned with the Underground’s operating hours.

4.7.21 The means of delivery could be not just through HLOS2 directly, in the form of a fund analogous to the current National Station Improvement programme, but also through franchises as they come up for renewal. Such ideas would also influence the content and funding of a future generation of Station Travel Plans, again a valuable idea from HLOS1.

4.7.22 Another important part of this is the on-going measurement of quality against these standards on a comparable basis across all operators and all parts of the network. At the moment an individual TOC can measure performance in different ways which means there is no reputational pressure from the use of a consistent benchmark with which to help drive up customer satisfaction. Future franchises should have a series of specified measures as part of their service quality management system.

4.7.23 The other part of the reason for this is to make public transport in general and railways within this as simple as possible for customers to understand the network, plan their journey and buy their tickets. If customers know more of what they can expect, infrequent or under-confident users will be more likely to become regular users. TfL is convinced that such outcomes are more likely if it has a strong role in planning, fares and ticketing (see section on coordination below).

4.7.24 Improving customer service goes even further than identifying and delivering travel standards. The handling and response of passenger comments and travel enquiries requires the provision of accurate and impartial travel information across all modes and single point responsibility for service delivery. This currently exists only for TfL services. National rail service information provided by the rail industry fails to provide multi-modal door to door travel information for Londoners.

**Fairness**

4.7.25 Programmes to improve accessibility at National Rail stations, such as the DfT’s “Access for All”, must continue as part of HLOS2 and be accompanied by further accessibility improvements around stations to enhance integration for everyone, including works to surrounding streets and more accessible bus stops adjacent to stations.

**Coordination**

4.7.26 It is abundantly clear that the railway industry has a great opportunity to improve the customer experience, increase its sustainability, and upgrade its capacity. TfL believes these changes can be brought about concurrently. However, through closer partnership with TfL, the industry can achieve much more. TfL would encourage a further devolution of rail powers as part of HLOS2. Specifically, TfL believes it should be given greater powers—in particular pricing, planning and potentially funding—with regard to franchise specification over certain inner suburban routes into central London.
4.7.27 Such changes in governance would allow TfL to deliver a system that is more responsive to changing customer needs. TfL’s ideas allow integration and simplicity for customers, yet overcome the significant drawbacks of the existing increment and decrement regime, where it is very difficult for example to obtain value for money changes between re-franchising. Fundamentally, TfL’s ability to drive improved take-up of rail in the capital is constrained by a lack of influence over the following areas.

FARES AND TICKETING

4.7.28 Research consistently shows that passengers perceive rail fares and ticketing to be complex and poor value for money. They often perceive fares to be higher than in fact they are.

4.7.29 The extension of Oyster pay as you go to National Rail in January 2010 is long overdue. However, while very welcome, more can be done to make it easier to use by customers. Rail fares integration would allow a reduction from the three separate Oyster pay as you go and ordinary fare tariffs (one each for National Rail, London Underground, and through fares between the two networks) to just one tariff for each ticket type.

4.7.30 Further steps could include standardising concessions across TfL rail and National Rail and simplifying the ticket product range once integration is complete within the Oyster area. TfL is also developing automatic ticketing using contactless bank cards. This would obviously be more effective if introduced London-wide.

SERVICE PLANNING

4.7.31 An enhanced role in planning could tackle barriers to usage and make the most of the networks we have by increasing simplicity through application of consistent standards.

4.7.32 An example is the role of interchange. TfL’s could utilise capacity better if it had a stronger service planning role on routes such as those through Clapham Junction. Making the most of the interchange opportunities here both reduces passenger journey time and cuts costs through reducing the need for onward bus and Underground journeys from terminals. This could help both TfL and rail industry to make the most of its resources.

EXPANDING THE OVERGROUND

4.7.33 TfL believes that a strong case exists to expand the current Overground concession, that is the orbital rail lines in London, and the radial Watford-London Euston route. TfL believes that other similar routes serving London should progressively be transferred to the Overground as re-franchising and other opportunities arise. There are opportunities to reduce the unit costs of both DfT franchises as well as the TfL concession to mutual advantage.

PLANNING FOR ENGINEERING WORK AND MOVING TO A “SEVEN DAY RAILWAY”

4.7.34 The amount of HLOS-related renewals and enhancement investment during the next few years on the railway will be significant. The downside is the short-term disruption, but there are many ways in which TfL and National Rail could work more closely together to reduce the cost to the tax-payer and improve service to the fare-payer.

4.7.35 For example, it would be possible to make as the default position that National Rail tickets would be valid on regular relevant TfL bus services at weekends, rather than hiring rail replacement bus services. Where London Underground has done this, there are potential savings of 30% over current costs for replacement buses. It is also more convenient for passengers who can catch the bus to/from the most convenient places along the route.

EFFICIENCY

4.7.36 The means to achieve the objectives above should themselves help to improve efficiency with which resources are used by the rail industry. For example, there is scope for greater efficiency through:

— carbon—electrification and reduction in fuel consumption;
— planning—integration not competition between other modes especially in London;
— outputs—common standards, and
— franchising—greater use of gross cost contracts for urban railways, which allocate risks (such as changes to levels of employment, population and income) to those bodies that can most cheaply mitigate them.

4.7.37 HLOS2 should also consider other means of obtaining operational efficiency such as reducing the costs of ticket retailing through simpler fare structures and a move towards the use of contactless credit and debit cards directly as ticket medium, rather than having a bespoke Smartcard. Greater use of driver-only operation, tram-train and automatic train operation could also reduce operating costs.
4.8 Question 8: Is the current investment programme sufficient for the needs of the UK economy and for passengers themselves?

4.8.1 TfL believes that the current investment programme is a good start in making the railway in London and the South East fit for purpose for the 21st century. The various elements address the Mayor’s transport objectives as shown below:

**Supporting economic development and population growth**
The Crossrail, Thameslink and other National Rail upgrade schemes will provide additional capacity to Central London and significantly improve connectivity in London through, for example, linking Heathrow, central London and Docklands and enhancing links from the City to Gatwick and Luton airports. These investments will improve businesses access to labour and commercial markets and enhance the attractiveness of London as a place to do business.

**Providing a better quality of life for all Londoners**
Enhanced public transport information provision together with reduced public transport crowding will improve the journey experience for those travelling in London. Some rail projects will also enhance the built environment and improve perceptions of the urban realm. There are also significant resources for cycle parking at stations.

**Ensuring the safety and security of all Londoners**
Safety for public transport passengers will continue to be the number one operational priority. HLOS1 targets continued improvement. Implementation of best practice design guidance and improved surveillance (through police officer patrols, staff visibility and CCTV) will reduce crime rates and improve perceptions of personal safety and security.

**Improving transport opportunities for all Londoners**
Physical accessibility of the public transport system will be improved. A “whole journey” approach will deliver increased step free access and other accessibility improvements to the Tube and rail networks to complement accessibility improvements already made to the bus service. Furthermore, improvements to the streetscape will improve physical accessibility and integration of land-use and transport planning will deliver improved walk, cycle and public transport accessibility to jobs and essential services.

**Tackling climate change**
The committed and future planned investment programmes in London’s transport system will increase the attractiveness of low carbon modes of public transport, walking and cycling and lead to further mode shift away from the car. Decarbonised electricity supply will make electric powered transport, such as the majority of London’s railways and electric cars, more environmentally advantageous. The strategic freight network will reduce the costs associated with use of rail for freight movement.

4.8.2 The investment, therefore, supports the Mayor’s vision to develop London as a sustainable World City based on strong economic growth and social inclusion, alongside improvements to its environment and use of resources. TfL believe the programme offers good value for money against the standard cost-benefit methodology, as well as recognition of the region’s rail needs. It believes it will also pay off in terms of superior economic performance at both national and regional level.

4.8.3 The timely delivery of the entire capacity enhancement programme is essential and the Mayor has welcomed the Secretary of State’s reassurance that it will be delivered in full without slippage. DfT’s Rail team and TfL London Rail worked together in preparing for Control Period 4 and there is every reason to believe they will achieve similar results in the upcoming planning work required for Control Period 5.

4.9 Question 9: In light of the current economic crisis is it still important that projects designed to increase capacity continue on the present timescale?

4.9.1 TfL believes that it is indeed still important that projects designed to increase capacity continue on the present timescale.

4.9.2 Demand in the period between 2004 and 2008 was growing very fast, at around 5% per annum, and even though demand is now static, there is little sign of any dramatic drop off in demand as measured by the number of journeys in London. This means that trains are still heavily overcrowded on many routes. The recession does mean though that it will not worsen in the near term; it has in effect bought perhaps two years for investment to catch up with a pre-existing problem of overcrowding.
4.9.3 The current recession and its impact on public finances means that it is more important than ever that the strategy should also identify ways of making the most of the investment delivered and reducing costs in order to maintain the competitive advantage of rail. This note has described above a number of ways by which the industry can make the most of existing resources.

5. CONCLUSION

5.1 The choices made in the next high level output statement will affect uniquely affect London given its high dependence on rail. TfL will continue to develop more detail proposals for change in the period through to its expected publication in July 2012.

September 2009

Memorandum from Campaign for Better Transport (PIR 45)

SUMMARY

Rail investment should reduce carbon emissions by achieving modal shift from car and plane to rail.

Rail investment should meet the needs and reflect the priorities of existing and new passengers.

This means fares must be cut, capacity must be increased, lines must be built to link new towns to the network and new developments must have rail links.

Proposals for a high speed rail line should set out clearly their potential to cut carbon emissions or help increase capacity on the existing network.

The East Coast franchise should stay in the public sector to provide a benchmark. If the costs of running the railway could be reduced, this would free up more funds for investment.

OBJECTIVES FOR RAIL INVESTMENT AND CURRENT APPRAISAL OF INVESTMENT

Campaign for Better Transport argues that any investment to increase capacity in the transport network should be in rail, bus or other forms of sustainable transport. With rail investment, Government should have two key objectives in mind when prioritising rail investment: reducing carbon emissions by achieving modal shift to rail, and meeting the needs of existing and future passengers.

Previous NATA methodology has effectively meant that rail schemes have scored less well in benefit cost ratios. NATA refresh should result in fairer assessment of rail investment and forthcoming work (which Campaign for Better Transport has contributed to) from the Green Alliance should demonstrate the impact of this on a range of transport schemes. Benefit cost ratios of current proposals should be reviewed in the light of the new methodology.

49 DfT passenger in excess of capacity data 2007–08.
INVESTMENT SHOULD REDUCE CARBON EMISSIONS BY ACHIEVING SIGNIFICANT MODAL SHIFT FROM CAR AND PLANE TO RAIL

Reducing carbon emissions should be at the top of the Government’s agenda, given the targets set in the Climate Change Act, and the rail network has untapped potential for doing this. The current Government approach tends to focus on the need to decarbonise all modes of transport, and so further electrification of the railways has been promised recently. We agree that electrification is important, but rail could have a much greater part to play in cutting carbon emissions than the Government seems to recognise, by providing people with a real alternative to cars and planes. Carbon emissions for journeys made by rail are much lower than for journeys made by car and plane. Investment should be aimed at making rail an easy option for people, so that they can switch to taking the train.

In general, decisions on transport taxation and spending should aim to encourage the use of low carbon public transport, and discourage the use of high carbon cars and planes. Research suggests that a package of pricing measures (reducing public transport fares and increasing the cost of motoring and aviation) could achieve modal shift that reduces carbon emissions from transport by 13% by 2025. Combined with other measures, the potential impact could be even greater. This suggests that encouraging modal shift to rail would be effective in terms of carbon reduction, and should be a key priority for a Government aiming to achieve cuts in carbon emissions.

INVESTMENT SHOULD REFLECT PASSENGERS’ PRIORITIES

We believe much more consideration should be given to the views of passengers in making investment decisions on the railways. While Passenger Focus collects data about passengers’ views, these do not appear in the past to have been taken into account in any kind of consistent way, let alone used as the main basis for decision making (which a case could be made for). We therefore welcome their role in the letting of the South Central franchise.

Fares are the obvious example. Passengers are asked again and again about value for money, and their answer is clear: taking the train costs too much. This opinion is backed up by Passenger Focus research (which the Government requested) showing our fares are indeed much higher than anywhere else in Europe. Yet still there is no change in Government fares policy.

The Government seems to have recognised passengers’ dissatisfaction with overcrowding but its energy is currently focussed on the idea of a high speed rail line, even though speed is not something most train passengers are concerned about. More carriages are needed right now to help passengers standing on their way to work, yet progress on this has been slow.

It makes sense for decisions to be made in the light of passenger priorities revealed through Passenger Focus surveys. Also, at a more local level, it is vital that Network Rail responds to pressure from local rail user groups for improvements. Local problems and solutions will not be picked up by Passenger Focus surveys—serious engagement by Network Rail with passenger groups as well as local authorities is needed.

PRIORITIES FOR RAIL INVESTMENT TO MEET CO2 REDUCTIONS AND PASSENGERS’ PRIORITIES

In practice, spending money to achieve maximum modal shift to rail and to reflect passengers’ priorities means spending money on fare reductions, on small railway lines that link new communities to the rail network, and on capacity increases to accommodate new demand and reduce overcrowding.

FARE REDUCTIONS

From the passenger’s point of view, fares are far too high, and we are glad that the Committee has recognised this problem in its recent inquiry. Only 40% of passengers think that rail fares offer value for money. Fare reductions are the top priority for passengers, yet the Government allows regulated fares to rise above inflation year after year (including this year), while unregulated fares rise much higher. Many people have contacted us explaining why they need affordable rail, many of them saying that high fares push them into using cars and planes instead of taking the train.

From an environmental point of view, the case is just as clear. Our research shows that high fares have suppressed demand for rail and opportunities to achieve modal shift have been lost. The research found that relative transport prices have led to the UK having the highest modal share for car of all the EU 15 countries (together with the Netherlands). If public transport fares had been reduced by 20% (to around the European average) in 2000, bus and rail travel combined might now be 120 billion passenger-km, an increase of 10 billion or around 9%. Reducing fares today by 20% could increase bus travel by 13% and rail travel by 17% by 2015. As mentioned above, pricing measures involving rail fare reductions could cut carbon emissions significantly.

51 Fares and Ticketing Study, February 2009, Passenger Focus.
53 http://www.bettertransport.org.uk/take_action/your_comments_affordable_rail
The Government’s stated intention to cut its own investment in rail and make passengers pay 75% of the costs of running the railway does not make sense in the context of climate change. Taking the train from London to Edinburgh is eight times better for the climate than flying, yet many people fly not because it’s faster but because it’s cheaper. Air Passenger Duty increases are welcome but the Government should go further by taxing the fuel on domestic flights. This would allow for the rail budget to be increased so that train fares could be cut.

**CAPACITY INCREASES ON THE EXISTING NETWORK**

It should be a top priority to meet the need of existing passengers for more capacity on the network. The rail white paper in 2007 included recognition of the major problem of rail overcrowding and promised to deal with that problem by providing more train carriages, lengthening platforms and increasing capacity and various pinch points. This was very welcome, but progress has been slow. The Government promised to deliver 1,300 carriages by 2014, but it has reduced the promised total to 973, and has only ordered only 423 so far.

The evidence is that passengers are still unhappy with overcrowding levels, and that this problem may be increasing despite the economic crisis. Therefore we think this investment must continue as originally planned, if not sooner. Investment in increased capacity should be seen as fiscal stimulus.

**INVESTING IN RAILWAY LINES FOR NEW COMMUNITIES**

Significant modal shift would be achieved by providing railway lines for communities which are not linked to the network. The Association of Train Operating Companies recently published a report which highlighted the benefits of linking up new towns to the rail network by reopening or building small lines. One million more people would have access to rail if the top 14 lines and 40 stations were built. Investment in these smaller new lines is vital because it gives people a real alternative to driving—they would have the option of taking the train, which many people currently don’t have. Our car dependency scorecard shows that many people are forced to drive, whether they like it or not. People need better options for the local journeys they need to make. Those station and line reopenings have consistently had higher usage than predicted.

Investment in rail must be planned alongside new housing developments, and new rail links must be integrated with other modes. Ecotowns will not be ecotowns if the people living there do not have a railway station nearby.

The Government should protect disused rail corridors from construction. PPG13 offered some protection but there has not in practice prevented development on some strong candidates for future use such as lines around Bedford in the Milton Keynes growth area. In the absence of line reopenings, disused rail routes are also valuable as cycle paths and wildlife habitats. Sites which can be used for railfreight terminals also need protection. The forthcoming National Networks National Policy Statement should direct local authorities to safeguard alignments and terminal sites in regional spatial strategies and local development frameworks.

**IMPROVING STATIONS**

Stations are the entry points to the network but many stations are still sub-standard in terms of facilities and overall passenger experience. Personal security can be a key barrier for many people. Although CCTV and help points have a role, the presence of staff is key. Encouraging overall usage of stations (such as through lower fares) also helps passengers to feel safer and siting shops and other facilities is an alternative where staffing cannot be justified. The appointment of “station champions” is welcome, and they should have a role in examining the effect of the Access for All, National Stations Improvement Plan and the Secure Stations Scheme.

Accessibility for those with disabilities (and the provision of audio and visual information, and tactile paving on platforms) remains important, as does wider accessibility. Investment to support station travel plans should be provided, and the funding for cycle parking and cycle hubs announced by Lord Adonis at the Labour Party conference is also an important step. The DfT’s active transport strategy should include measures to promote walking and cycling to rail stations, as well as other forms of public transport.

**HIGH SPEED RAIL AND SHORT- TO MEDIUM-TERM INVESTMENT IN CAPACITY AND IMPROVEMENTS FOR PASSENGERS**

We welcome the work that HS2 is doing to examine the environmental impacts of a high speed line. Their report and the DfT response will need to set out the extent to which the proposals would:

- focus on enabling a modal shift from car and plane to rail (rather than just induced travel), and therefore cut CO₂ emissions from transport;
- support an intensification of development in cities rather than dispersal of activity and consequent increases in overall demand for transport, and

— not divert resources and investment away from existing rail network, and help increase capacity on that network.

In the context of this inquiry, we look for DfT to make clear that the development of a high speed line would not affect commitments to electrify the existing network nor impact on plans for line and station reopenings (for instance those set out in the ATOC proposals published in Connecting Communities—expanding access to the rail network, published in June 2009). Pursuing high speed rail must have an opportunity cost of investment in other forms of public transport, and particularly in sustainable local transport.

It will also be important that if there is a decision to proceed with a new high speed line, there needs to be good public transport access to any new stations. City transport authorities need to have the capability (whether in terms of skills, powers or ability to raise finance) to deliver enhancements to public transport to enable this to happen.

THE COST OF RAIL INVESTMENT SHOULD BE REDUCED IN THE LONG TERM

We agree with the Committee that the Government should keep the East Coast franchise in the public sector and evaluate whether that provides better value for money. This is a big opportunity for the Government to find out whether railways can be run more efficiently by the public sector. It should not relet the East Coast contract but should allow the public company to continue running train services in the long term, as a benchmark for other franchises, and find out if it performs better. Saving money means more money for investment, and better services for passengers.

October 2009

Memorandum from the Association of Train Operating Companies (ATO) (PIR 46)

ATO’s mission is to work for passenger rail operators in serving customers and supporting a prosperous railway. We represent and provide services for train companies who between them enabled over 1.2 billion passenger journeys to be made on Britain’s railways last year.

We welcome the Committee’s focus on the important issue of railway investment at a time of considerable pressure on public spending. The main points in our submission are:

— Rail has a vital contribution to make to the success of the UK economy, today and in the future.
— Our goal is to make rail more attractive compared with other transport modes, so increasing its market share and contribution to the economy.
— Investment in all aspects of rail transport is key to realising that vision and commitments already made for the next five years must be sustained.
— Planning ahead now for the longer term is a priority and the industry has already started to do this.

RAIL HAS A VITAL CONTRIBUTION TO MAKE TO THE ECONOMY

The Government’s 2006 Eddington report confirmed the positive impact which transport can have on the economy. Rail has a vital role to play as part of this:

— It allows high-capacity commuting to our major cities, bringing over 500,000 people to work every day to central London.
— It provides vital links between our major cities—on inter-urban routes such as Leeds-Manchester, rail carries almost half of all demand.
— It helps keep British business moving: 64% of British businesses use trains, with business travellers making an estimated 250 million rail journeys annually.
— It generates jobs, with TOCs, NR and our respective suppliers currently employing about 130,000 staff.
— It plays an important social role, providing services to all sections of society: railcards, for example, offer significant discounts to young people, families, seniors, disabled people and the armed forces.
— It is key to delivering a low carbon economy. Rail on average emits half the CO₂ emissions per passenger km compared with car and a quarter compared with air: trains that take just over two hours are already substantially reducing air’s market share on London-Manchester, for example.

56 This response is primarily about priorities for England and Wales since transport in Scotland is a devolved matter but many of the key themes in this note apply there too.
INCREASING THE ATTRACTION OF RAIL

Rail has been a success and TOCs have been a large part of that. The actions that TOCs have taken have led to more train services, increased patronage, improving punctuality and better passenger satisfaction.

We need to go further—we know from work done by Passenger Focus and TOCs’ own market research the main features of what passengers want apart from price: reduced crowding, better information, faster journey times and an improved overall travel experience (both on board and at stations). We believe that improving each of these areas will play a major role in improving passengers’ ratings of rail’s value for money. Better integration with other modes—both public and private transport—is also important here.

Our challenge is to continue to improve quality to meet market expectations whilst putting in place capacity to serve the doubling of traffic over a thirty period which is forecast.

The Department for Transport’s High Level Output Statement (HLOS) addresses these issues up to end of the current Control Period (CP) in 2014. It has set targets including for performance nationally to increase to 92.6%, action to address crowding and a 3% reduction in the industry metric on safety. The industry is committed to delivering these.

INVESTMENT IS KEY AND MUST BE SUSTAINED

The combination of Network Rail’s five year investment programme to 2014 and the train operating companies’ franchise commitments underpins the delivery of HLOS goals. Commitments in Control Period 4 (CP4) cover a range of things:

— Network infrastructure—NR will spend some £35 billion in CP4, including the largest ever programme of enhancement as well as maintenance and renewal. As well major schemes such as Thameslink, the debottlenecking of Reading and the first stage of a strategic freight network, this includes funding for much smaller schemes including continuation of NR’s Discretionary Fund which both local communities and TOCs attach great importance to.

— Rolling stock—in the HLOS the Department committed to 1,300 additional vehicles by 2014. Although the precise number depends on the progress of negotiations with train operators, lessors and manufacturers, we believe such a fleet expansion is the minimum needed to manage crowding pressures during the Control Period. The new vehicles will allow operators to lengthen trains (on West Coast, Southern and SWT, for example) but also to increase frequencies (most prominently on Thameslink which is planned to provide up to 24 trains per hour when completed). There will also be some fleet improvements outside London, including new electric trains between Manchester and Scotland, and additional electric capacity in Birmingham and Manchester. However, the commitment to provide more diesel capacity in Manchester and Leeds remains important given the very rapid growth seen in commuting there and Northern is working with the Department to find the best way of taking this forward.

— Stations—train companies’ franchise agreements require them to improve many stations, provide thousands more car parking spaces and provide a better customer environment in many cases. The improvements made in recent years to stations on c2c, London Overground and Southern show what can be done here and give pointers to what the next steps might be. In total, Network Rail advise that £3 billion will be spent on improving stations during the next five years, mostly funded by them, but including some from TOCs.

— Customer environment—further improvements in areas such as passenger information, call centres, staff training and measures to improve personal security are also planned building on improvements in these areas in recent years.

Taken together, we see these commitments as an important stepping stone towards a long term improvement plan for rail. CP4 will provide an increase of about 15% in total rail capacity into Central London and significant increases in regional centres. If all 1,300 new vehicles promised are delivered, this will increase the train fleet by about 12%.

Our view is that it is essential to sustain this programme and the momentum behind it:

— The economic crisis may have slowed growth, but passenger kilometres were still up 3.4% in 2008–09 compared with 2007–08 and passenger journeys are up over 70% since 1994–95—even though the number of trains that TOCs have been able to lease to move this traffic has increased by only about 5% in that time.

— The CP4 funding arrangements have been widely welcomed as providing stability and an end to the stop-start of previous decades. Each time investment programmes are resumed, lessons have to be relearned by new staff, equipment has to be procured afresh, and a backlog has to be redressed at double-pace: this is an expensive and inefficient way to work, and imposes real costs on the industry’s suppliers. Any cuts in the planned programme open up the risk of another cycle of disinvestment and loss of skills.
— Now is a good time to invest because, while the pressure of growth is slightly less, the impact of every pound invested improves as prices for labour and materials have fallen during the downturn. Rail investment can also help stimulate the economy: Crossrail alone is predicted to contribute £37bn to GDP over 60 years, while “spade-ready” investments can have an immediate effect on jobs and prosperity.

At the end of the day, the £5.4 billion that the public sector spends on rail represents less than 1% of total public spending. Major reductions in rail spending will do little to ease the pressure on public finances. But rail must play its part in response to the current climate:

— There needs to be continued focus on delivery on infrastructure cost-efficiency in CP4, and ORR must remain vigilant here. We also believe that there is a stronger role for NR non-executive directors and members in driving change and improving industry processes.

— A greater role for TOCs on station and depot investment would both drive up efficiency and allow more work to be more quickly. Longer franchises would facilitate increased private sector investment into rail.

— Following through the Competition Commission’s recommendations on rolling stock, making more use of competition to bring lease prices down and allowing TOCs increasingly to take back their role in buying new trains. This would also help drive through efficiency and reduce the multi-million pound consultancy spend that the DfT undertakes when it takes on these roles itself. We remain concerned about progress on the 1300 vehicles and believe that TOCs can play a larger role in ensuring that this important element of the HLOS picture is realised quickly.

THE INDUSTRY IS ALREADY STARTING TO PLAN AHEAD

Commitments in the current five year planning period are a good start but we need to do more. The market is changing—and rail has to respond to it. We need to begin to plan for the next range of capacity and quality improvements, for implementation from 2014 onwards. The industry’s planning timetable means that within the next 18 months we need to have a good idea of what will be needed then. That is why ATOC, NR and the Rail Freight Operators’ Association published Planning Ahead in June. Next summer we will put out a further “Planning Ahead” document, with initial proposals about how we think the challenges of cutting costs, increasing capacity, improving passenger satisfaction, cutting journey times, reducing carbon emissions and improvements such as harnessing technology to make it easier to use the railway ought to be met.

The next “Planning Ahead” document will focus in particular on the top-level outputs that we believe rail should be delivering, not just for the next Control Period but in the longer term as well. To get there, we have agreed to improve our understanding of some aspects in more detail, such as changing passenger expectations for rail and the factors that drive mode shift. This is important because the industry’s ambition for rail is not just to maintain market share as total travel grows but of course to increase it.

The work on outputs will then drive decisions about solutions. For train operators, the strategy for areas such as customer service, advanced signalling technologies, carbon and rolling stock are particularly crucial. Some markers for the programme beyond Control Period 4 are already in place. We welcomed the Government’s decision in July to electrify the Great Western and Liverpool-Manchester routes, but we also need to see more infill electrification to pave the way. Work being done on new lines by the Government and Network Rail shows that major increases in capacity and speed increases may be part of the longer-term mix. And the potential of smaller schemes, such as those that we put forward in our recent “Connecting communities” publication, those funded by the NR Discretionary Fund and also through the Department’s Regional Funding Allocation process also need to be on the radar.

CONCLUSION

There have been many successes in rail, which continues to make a vital contribution to keeping the economy moving. Rail has the potential to play a bigger role in meeting the transport needs of a low carbon economy and investment is key to that. The recent move towards five year investment planning has brought welcome stability to the railways. Existing commitments now need to be honoured, allowing industry to deliver yet better quality to passengers while it also plans ahead for further improvements over the longer term.

October 2009

Memorandum from Nottingham City Council (PIR 47)

Nottingham City Council wishes to draw the Committee’s attention to the important issues raised in the attached report.

The report, which has been prepared and submitted by Nottinghamshire County Council is fully endorsed by Nottingham City Council and covers a variety of rail funding issues which need to be addressed if the East Midlands is to fulfil its economic potential and compete equally with other regions.
What we would like to see is the completion of the ongoing East Midlands Signalling Renewal programme and the committed Midland Main Line line-speed improvements. This must be done to ensure that the Office of Rail Regulation’s specified journey time reduction targets are achieved. Given the compelling business case and associated environmental benefits we think the Government must now commit to the electrification of the Midland Main Line. In securing this vital investment it will allow us to achieve our ambition of a Nottingham to London rail service in 90 minutes, more comparable with other cities.

We would also like to draw attention to the issue of High Speed Rail. Although the initial work is focusing on a route between London and the West Midlands, in order to avoid any future imbalance of investment it is essential a network of routes is pursued. The case for a High Speed Rail line through the East Midlands is justified through:

— The high planned growth rate for housing.
— High growth forecasts for population and employment.
— 2% per annum traffic growth rate, the highest growth rate of any region in England.
— High levels of congestion in the M1 corridor (amongst the worst in the country).
— St Pancras is the existing national rail gateway into Europe via HS1 and the Channel Tunnel.
— A high dependence on airports outside of the region which have poor existing rail connections from the region.
— The relative uncompetitiveness of the Midland Main Line in terms of journey times.
— London is a key market and links are identified by the business community as a priority.
— Improve access to the growing economies of northern cities.
— High Speed Rail would free up capacity on the mainline for passengers and freight.

As a Core City, 9th largest urban area and largest economy in the region we believe a High Speed Rail service should directly serve Nottingham City Centre. Through attracting additional visitors and inward investment this will bring significant economic benefits to the wider region.

We would like the Select Committee to consider this evidence on rail under investment in their deliberations and lend their support to securing the vital infrastructure improvements outlined above in support of the economy of the East Midlands.

SUBMISSION TO THE TRANSPORT SELECT COMMITTEE

SUMMARY

— The East Midlands railway system has been subject to persistent under-investment compared to other regions’ railway lines, and to the road system.
— As a result rail journey times from Nottingham to other parts of England are the worst of any English “regional capital city”.
— In line with the Eddington report’s recognition of the importance of agglomeration to regional economies, having the worst rail connectivity to elsewhere is a serious constraint on our economy.
— This disadvantage is most seriously manifested in:

1. Poor connections to London
   (a) Midland Main Line (MML)

   — The MML has, for decades, received less investment than the other Inter-City routes;
   — Average speeds on the MML are lower than on other Inter-City routes;
   — Even so, patronage has been rising faster on the MML than on other Inter-City routes;
   — This shows there is a huge need for investment to speed up MML services, and also that such investment would be extremely well used;
   — Despite this it is planned that the MML will get just 4% of the investment that has been allocated to London Inter-City routes over the next five years, and
   — Network Rail has developed an extremely cost-effective scheme to cut journey times but there is only a very small sum allocated to deliver it, the output has recently been reduced by the rail Regulator (ORR), and the pattern of station stops will need adjusting to take proper advantage of it.

   — What is needed:
     — Recognition of what excellent value for money of the MML scheme;
     — Delivery of the original output, as set out in ORR’s Periodic Review;
— A modest amount of additional funding, in particular to do works near Market Harborough, and
— A commitment by DfT that when the franchise is re-let in 2014 it will require journey time of 90 minutes from Nottingham, and related journey time reductions from Leicester, Derby and other stations.

The Select Committee’s support for this would be extremely helpful.

2. Poor connections to other regions
— Nottingham has worse inter-regional rail connections than comparable cities elsewhere, with very slow train services to Birmingham, Leeds and Manchester—far slower than any other English regional capital city.
— Very significant journey time reductions could be achieved with relatively modest investment.
— Network Rail is currently assessing what works would be needed.
— Bringing speeds up to the level that is normal in other regions would make the services significantly cheaper to operate and far more attractive to use.

1. Poor connections to London
(a) Midland Main Line
1.1 The M1—Britain’s motorway number 1—is England’s primary transport corridor. The first motorway to be completed in the 1960s, it forms the spine of England’s motorway network. It connects London to five of England’s 18 principal urban areas—Leicester, Nottingham, Derby, Sheffield and Leeds—runs the length of the East Midlands and into two other regions, and serves a catchment of almost 20% of England’s population.

1.2 It is therefore inexplicable that the parallel railway, the Midland Main Line (MML), which has been persistently starved of investment, is the perpetual poor relation of England’s Inter-City rail routes.

1.3 The MML has historically had far less investment than any other Inter City route.
— The West Coast Main Line (WCML) was electrified over 40 years ago, and the East Coast Main Line (ECML) was electrified 20 years ago. The MML was not.
— 125mph “High Speed Trains” (HST) were introduced on the Great Western Main Line (GWML) in the 1976, and on the ECML shortly thereafter. Simultaneously, both routes had their track upgraded to permit 125mph running. The MML was the last route to receive HSTs, and even then none of its track was upgraded for 125mph. So, for the last 27 years, every MML train has had to run at below its top speed for every inch of every journey. There is no other Inter City route for which this is the case.

1.4 The result is that average speeds to London on the MML are markedly lower than on other Inter-City route, and East Midlands’ cities have disadvantageous journey times to London eg Doncaster is 30 miles north of Nottingham, but its journey time to London is 15 minutes less, whilst some trains to York, which is 50 miles north of Nottingham, have the same journey time from London.
1.5 The underinvestment continued over the last 10 years. Whereas other routes had massive expenditure on their infrastructure, the MML was limited to having some additional trains (as did the GWML, WCML and ECML) and some investment in stations (although less than other Inter-City routes). The new MML trains—although there were only 23 of them—helped MML patronage grow very strongly.

1.6 The recent East Midlands Route Utilisation Strategy reports that between 1996–97 and 2007–08 long-distance MML patronage to London grew 122%. This is twice the rate of GWML and ECML growth reported in their RUSs. The absolute numbers on the MML are lower than on the other routes, but the MML is catching up fast.

<table>
<thead>
<tr>
<th>Patronage growth since 1990s reported in Network Rail RUSs</th>
</tr>
</thead>
<tbody>
<tr>
<td>MML</td>
</tr>
<tr>
<td>122%</td>
</tr>
</tbody>
</table>

1.7 Since 1997, of the four inter-City routes to London, the MML has received just 11% of the total investment in stations, and, incredibly, under 1% of the total investment in track and other infrastructure. This is the reason why the MML has lower speeds than the other Inter-City routes.

1.8 The fact that patronage on the MML grows faster than other Inter-City London routes, even when the MML received proportionately far less investment and has the lowest speeds, indicates the huge potential for growth were the route to receive a normal level of investment and have comparable speeds.

1.9 In July 2007, DfT published a White Paper “Delivering a Sustainable Railway”, that formed the High Level Output Statement (HLOS) which is the formal definition of what the Government requires the railway industry to deliver. DfT’s HLOS “Specimen Capacity Options” specified four requirements for “Long distance (Inter-City) services”, one of which was:

“Midland Main Line—Reduced journey times of between seven and eight minutes on the Midland Main Line for all services operating between London and Derby as a result of line speed improvements from infrastructure enhancement.”

1.10 Following the HLOS, on 31 October 2008 the Office of Rail Regulation (ORR) published its final determination for the periodic review of Network Rail’s outputs and funding for control period 4, ie 2009–10—2013–14, including enhancement schemes and expenditure. This confirmed the outputs required for the Midland Main Line scheme, and under a heading Enhancements in England & Wales required to give full effect to the “HLOS” listed four “schemes which provide journey time improvements”, including “St Pancras to Sheffield line speed improvements: a package of track, signalling and junction remodelling to reduce journey times by around 10 minutes”.

1.11 In 2000, Railtrack had priced the work needed to cut 10 minutes off MML journey times as £100 million. This equates to £129 million at 2009 prices. In 2008 Network Rail priced the work at £85 million. This 34% reduction reflects Network Rail’s reduction of unit costs.

1.12 Through a process which is not clear to regional stakeholders, this estimated £85 million cost was subsequently reduced, including by ORR, which finally approved it at £69.4 million, including contingencies.

1.13 Although the ORR Periodic Review makes some other general comments about efficiencies in enhancement schemes, and does consider in depth the specific costs of many other issues, there is nothing in it to indicate that the specific costs of the MML linespeed scheme have been assessed. It is therefore not

possible to tell from the Periodic Review exactly why the ORR regards £69.4 million as being sufficient for a scheme to reduce journey times on the MML by around 10 minutes. In addition there will be investment of £11 million on a separate scheme at Nottingham.

1.14 So,

— despite the minimal investment so far,
— despite having the disadvantage of being so much slower than the other routes,
— and despite having such a good record of patronage growth,

future plans again show the MML as receiving far, far less investment than other Inter-City routes over the coming five year period.  

PLANNED TOTAL INVESTMENT IN INTER-CITY TO LONDON 2009–14 IN £MILLIONS

1.15 Indeed, the £69 million allocated for the linespeed scheme for the entire MML is 25% less than the £90 million scheme that is now starting just to upgrade the car parks at WCML stations!

INVESTMENT PLANNED—£MILLIONS

---

1.16 The parallel M1 is having over £1,500 million spent on upgrading it, also between London—Sheffield is more than 20 times the money allocated to the MML upgrade.

INVESTMENT PLANNED–LONDON TO SHEFFIELD (£MILLIONS)

1.17 As far as the regional partners are aware, there has never been a case of an Inter-City route having a 10 minute reduction in journey time for as little as £69 million, nor even for anywhere near as small a sum. The 1960s WCML electrification, the 1970s GWML 125mph scheme, the 1980s electrification of the ECML, and the more recent WCML upgrade all cost far, far more than £69 million for every 10 minutes saved. Given the historic disadvantage of the MML, it is not clear why anyone would think the MML only deserves this belated reduction in journey times (albeit less than other lines) if it can be done for miraculously low levels of expenditure.

1.18 On 3 September 2009, ORR wrote to Network Rail formally setting out its view of the “CP4 Enhancements Delivery Plan” for putting into effect requirements of the Periodic Review. This changes the output required from the MML linespeed scheme to “This project will improve the capability of the infrastructure to enable a minimum eight minute improvement in journey times for services between London and Sheffield for services calling at Leicester, Derby and Chesterfield”. It appears that this eight minute reduction will include two minutes at Ambergate (north of Derby), reducing the time saving south of Trent to six minutes—less than was specified in the HLOS documents and the Periodic Review.

1.19 It seems that this reduction in the required output (i.e. the lesser journey time saving) is because the funding provided is insufficient to deliver the 10 minutes journey time saving set out in the periodic review. In particular it appears insufficient to do anything more than minor works at Market Harborough, and nothing between Trent and Nottingham, where a modest additional sum could save another couple of minutes.
1.20 The likely effect of the revised time savings set out by ORR will be to still leave the MML as the Inter-city route with the slowest speeds.

AVERAGE SPEEDS AFTER THE MML SCHEME

This is without taking into account the plans to significantly speed up the GWML by electrification, or London—Birmingham—Manchester by a high speed line, which would see the MML fall even further behind.

1.21 For the reasons set out in the Eddington report, the entire East Midlands economy, and the economy of South Yorkshire, need the agglomeration benefits that would result from reduced rail journey times to London. The regional economy cannot afford to forego this at all, and we trust it will be understood why regional stakeholders have to resist any attempt to water down the outcomes. What is needed is average speeds to London that at least equal those of Bristol, Birmingham and Leeds, and preferably those of Manchester and Liverpool etc. In Nottingham’s case this requires a journey time to London of 90 minutes, at an average speed of 84mph.

1.22 Regional stakeholders are in close contact with Network Rail to establish the most cost-effective way that can be done, but it is almost certain to require some more money than the £69.4 million currently allocated. It is not yet clear where this might come from, but it is encouraging to note that, under Lord Adonis’ guidance, a first tranche of additional funding has been made immediately available to a £32 million scheme to install extra track between Swindon and Kemble that will be used by 36 trains per day. Funding for that scheme was specifically turned down by ORR’s periodic review as not being required by the Government’s HLOS, but in a DfT press release of 3 April Lord Adonis was able to announce that “Doubling 12 miles of the single track between Swindon and Gloucester is an excellent project which has the potential to make a real difference to people travelling through the South Cotswolds on this line”, and “My Department will now work with the South West Regional Assembly and Welsh Assembly Government to explore other funding opportunities for the full scheme”. If the South Cotswolds line justifies funding over and above the periodic review, then how much more does the MML with five times as many trains and around 10 times as many passengers.

1.23 Regional stakeholders would welcome the East Midlands Regional Select committee’s support for a similar declaration from DfT that it will now work with the Regional Assembly to explore other funding opportunities for the full MML scheme, in particular the extra funding to enable the journey time saving opportunity at Market Harborough and some other locations to be realised in full.

1.24 Even if a modest extra amount is needed, that would still represent exceptionally good value for money when compared to the costs of any equivalent rail or road scheme.

**Electrification**

1.25 Network Rail recently established that the two routes with the best business case for electrification are the MML and the GWML. “In the case of the MML, the value for money is technically infinite given that it involves a net cost saving........largely in the cost of train operation” that more than pays for the upfront investment cost. In the case of the GWML the business case has a range of values, being strong for London to Bristol, whereas from Bristol to Cardiff and Swansea “is a relatively low value for money element”.  

---

60 Network Rail Network RUS Electrification Strategy draft for consultation, May 2009, page 76.
1.26 In July, DfT announced approval for a programme of electrification, encompassing the GWML, including the section from Bristol to Swansea that was relatively low value for money, but not the MML despite the unalloyed long term net cost saving.

1.27 It is a source of great frustration to regional stakeholders that, even when the MML has the best business case for investment in some element of its railways, it still continues the historic pattern of other lines being prioritised for investment.

1.28 As well as its own merits, the linespeed scheme described earlier should be completed before electrification, to maximise the benefits of electrification. One way of funding those elements of the linespeed scheme at Market Harborough and elsewhere that are currently unfunded would be as part of an electrification scheme.

**High Speed Line**

1.29 Similarly, unless the region is to miss out yet again, a High speed line is needed, to serve Nottingham, as well as Sheffield, Leeds and Newcastle. This needs to be a direct High Speed line, just as other regions are expected to have. An indirect route, incurring much unnecessary distance and time, would miss the whole point of high-speed, and fail to achieve its objective. In addition, Nottingham needs to have early call on any classic rail capacity release associated with delivery of HSR2.

2. Poor Connections to Other Regions

2.1 Greater Nottingham is the largest conurbations in the East Midlands—the “regional capital”. Compared to other regional capital cities it has far below average speeds for its rail connections to adjacent regions.

### Regional Capital City Average Speeds (Miles Per Hour)

<table>
<thead>
<tr>
<th>Route</th>
<th>Speed (Miles Per Hour)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Birmingham to Bristol</td>
<td>63.2</td>
</tr>
<tr>
<td>Manchester to Leeds</td>
<td>59.7</td>
</tr>
<tr>
<td>Leeds to Newcastle</td>
<td>57.2</td>
</tr>
<tr>
<td>Leeds to Birmingham</td>
<td>63.9</td>
</tr>
<tr>
<td>Leeds to Birmingham</td>
<td>59.0</td>
</tr>
<tr>
<td>Nottingham to Leeds</td>
<td>37.6</td>
</tr>
<tr>
<td>Nottingham to Birmingham</td>
<td>44.8</td>
</tr>
<tr>
<td>Nottingham to Manchester</td>
<td>43.2</td>
</tr>
</tbody>
</table>

2.2 All three of Nottingham’s services have had far less investment in the infrastructure than other inter-regional express services. Network Rail’s emerging “East Midlands Route Utilisation Strategy” (RUS) shows that there is a strong business case for investment in the three-Cities' inter-regional routes.

2.3 Very significant journey time reductions are achievable with modest investment. Network Rail is currently assessing what could be done, and at what cost. Until the detailed work has been completed precise costs cannot be known, but it is expected that the appropriate measures will have a good business case.

2.4 As well as making the service much more attractive, such investment would produce a permanent reduction on operating costs of at least £1 million per annum. This is because if services are faster, each train can make a round trip in less time, which means that fewer trains (and drivers and conductors) are required to operate any given level of service. Trains are hired from the rolling stock companies, and the lease for a two-coach train costs £1 million per annum, with the crewing costs being at least another £1 million. Thus speeding up a service sufficiently to operate it with one less two-coach train set would save at least £1 million per annum. The achievable time savings that would bring the three-Cities’ inter-regional services up to the normal average speeds of other inter-regional services would enable each of them to be operated with one less two-coach train set, and would thus save over £1 million per annum on each route. The principle of this point is explicitly recognised by Network Rail in the RUS.
2.5 Every five years the government specifies required rail industry outputs in a “High Level Output Statement” (HLOS). Connections between the biggest cities in each region have a substantial effect on the national economy. Recognition of this was the reason that the last HLOS specified “fast services between Manchester and Leeds (should be) cut to 43 minutes”.  

2.6 It is crucial to our economy that there is an equivalent recognition in the next HLOS of the importance of the equivalent services from Nottingham to Birmingham, Manchester and Leeds, as the HLOS will inform which schemes have priority from whatever funding is allocated for 2014–19. The Council would urge the Select committee to support the Nottingham getting the same recognition as other regions, albeit belatedly, in the next HLOS, so that its historic inter-regional disadvantage is finally addressed.

October 2009

Memorandum from the Campaign to Protect Rural England (CPRE) (PIR 48)

SUMMARY

Current Government policy towards rail investment is seriously flawed and is still based on the now discredited “Predict and Provide” approach.

Transport appraisal tends to mask political choices by suggesting that the best schemes can be chosen as easily as best buys in a supermarket.

We need to move to a “Plan, Monitor, Manage” approach, to positively increase rail’s modal share, integrate new housing with new rail capacity yet reduce the need to travel, particularly by high carbon forms of transport.

A well designed High Speed Rail (HSR) line could form the backbone of a low carbon rail system, but a wider network of new HSR lines would be unlikely to be green or offer value for money.

RECOMMENDATIONS

Transport schemes should be selected on policy fit and performance across a range of future scenarios rather than on an increasingly fictional “Benefit Cost Ratio”.

Both the National Policy Statement on National Networks and funding for Control Period 5 (2016–19) should plan for substantial upgrading and expansion of the rail network in order to secure modal shift as oppose to generating new demand.

The next High Level Output Statement (HLOS) needs to take account of the DfT’s Delivering a Sustainable Transport Strategy (DaSTS) through greater regional flexibility and updated metrics.

Proposals for High Speed Rail should be judged against clear tests to make sure they are sustainable and represent value for money.

We need a wider role for new stations: rather than more parkways we need stations to be sited to stimulate high quality, urban developments and act as rural hubs.

The DfT’s forthcoming Smart Card strategy must cover cycle hire and secure storage, Demand Responsive Transport and car clubs, including funding to roll out integrated ticketing to these transport options so that there is “integrated mobility”.

More funding of innovative tram-train solutions is needed to relieve terminals and city stations and roll out light rail in smaller towns and rural areas.

1. In the medium to long term, what should be the main objectives for investment in the railways, in order to improve both freight and passenger services?

1.1 The Campaign to Protect Rural England’s (CPRE) vision is for an upgraded and extended rail network, in order to reduce car dependency and carbon emissions.

1.2 Increasing the size of the network—including increasing the number of stations whether on existing or new lines—is needed to:

— Increase the proportion of the population that is able to access a station other than by car, particularly by active modes of travel;

— Increase the proportion of businesses that can have rail connections, so reducing the demand for large freight terminals in green belts that often require significant transhipments by lorry, and

63 CPRE launched 2026—A Vision for the Countryside in May 2009, setting out a positive and optimistic vision for the future of the beautiful English countryside in 2026, the charity’s centenary year. Among other things it calls for a revitalisation of rural railways.
1.3 Investment should aim to increase the comparative advantage of rail over private motor transport. Reliability, regularity, comfort, integration with land use and other transport modes all need to be improved while carbon emissions and energy use, oil dependence, journey times, cost to the user and impact on the natural environment all need to be reduced.

2. How should these objectives be determined?

2.1 The Eddington Review suggested that we should “listen to the numbers” generated by economic appraisal of the costs and benefits of competing transport schemes way into the future. Given the lifetime of new transport infrastructure, it certainly makes sense to think 60 years ahead.

2.2 However, current transport appraisal is unfit for purpose. The idea that different transport schemes could easily be ranked against each other may appear attractive, in that the top performing schemes could be picked off the shelf as easily as best buys in a supermarket. Yet, claiming that over the next sixty years one scheme will give you £3.50 for every pound spent, while another will only give you 80p is not a very credible basis for transport planning.

2.3 Key problems are modeling:

- The variability of oil price or other forms of energy;
- The external costs of carbon emissions;
- The difficulty of predicting economic growth nationally or its distribution across cities and regions;
- Policy changes, such as ticket concessions, speed limits, fuel duty etc, and
- The impact of transport on land use patterns and vice versa.

2.4 Predicting passenger numbers is extremely difficult and the roll-out of smart cards across the rail network will make this even harder. Just as discounted advanced purchase tickets have transformed long distance train travel, so innovative pricing mechanisms using smart cards are likely to make more efficient use of local trains and hence the business case for reopening lines. “Predict and provide” is not appropriate for rail.

2.5 The DfT does seem to accept that it is not inevitable we will be expanding our transport networks capacity in the future, while Lord Stern has recently said that developed countries may not be able to grow their economies post 2030, due to the need to reduce carbon emissions. Rail projects relying on the assumption that people will travel more each and every year up to 2060 are unlikely to be justifiable unless they perform well in other scenarios.

2.6 A better way forward would be to test transport projects against a wider range of key variables and policies then to future-proof investment by selecting the projects that perform best across the ranges. Such ranges would need to include much higher oil and carbon prices than currently used, as well as an end to the idea that people will travel more year on year without this trend ever ending.

2.7 Whether attempting to predict passenger flows or impacts on land use, the same problem reappears again and again: political decisions whether at the national or local level affect the benefit of different schemes. Rather than trying to ignore this, it makes sense to “plan, monitor and manage” what sort of transport and land use we actually want, as opposed to pretending that “the numbers” give us an impartial or efficient way of not having to make political choices.

3. What is the impact of rail enhancements on the economy?

3.1 As we have made clear in previous evidence, we believe these sorts of questions should refer to sustainable development or, at the very least, “sustainable economic growth” so that investment promotes prosperity that is resilient across possible future economic, social and environmental developments.

3.2 Rail can be enhanced in many different ways, so it is not possible to generalise as to the benefits, even ignoring the difficulties predicting benefits beyond the short term, as noted in the preceding answer. Smaller scale rail enhancements are likely to be more deliverable, as well as offering more benefits and greater carbon reduction potential per pound spent.

64 For example, Chiltern Railway’s Evergreen 3 proposal to build a short link to create a new Oxford to London Marylebone service, allowing passengers to avoid disruption at Reading station while it is upgraded, not to mention offering more destinations to passengers.

65 For an example of such a simplification, see Dodgson, Rates of Return on Public Spending on Transport, RAC Foundation, June 2009.

66 An issue the Transport Committee picked up in its previous report on the railways (HC219).

67 DECC, Carbon Valuation in UK Policy Appraisal: A Revised Approach, 2009 states at paragraph 4.2 that “it is very difficult to value accurately the damage that climate change will create in the long term”.

68 The DfT seems to have buried its research on the matter as the conclusions of its think piece challenge the DfT’s approach to appraisal. See Atkins, Reducing the need for travel by improving land use predictions informing transport planning, DfT, 2008.


70 Public Service Agreement (PSA) 7 defines sustainable economic growth as economic growth that can be sustained and is within environmental limits, but also enhances the environment and social welfare and avoids greater extremes in future economic cycles.
3.3 When considering eye-catching new proposals for High Speed Rail, it is important to consider the benefits that investing tens of billion pounds could produce if spent instead on local public transport, such as rail reopenings and tram-train systems. Britain may be behind other countries when it comes to high speed rail but it is much further behind when it comes to innovative light rail schemes.

4. How should long-term development of major new infrastructure, such as high speed lines, be balanced against short and medium term investment to improve capacity and passenger experiences?

4.1 Step changes can be delivered by small investments in the short term. For example, in July 2009 the DfT allocated £100m to electrifying and upgrading a line between Manchester and Liverpool, which should cut journey times from over 44 to 30 minutes by 2013. This type of whole route upgrade enables the provision of new stations, as electric trains can accelerate quickly after stopping so there is less risk of longer distance trains being held up.

4.2 This type of rail investment should be rolled out quickly across the country, benefiting all regions quickly and making rail a competitive option for many more journeys. It is a good example of “spending to save”, in terms of saving future costs to the economy of carbon emissions and congestion, not to mention reducing railway operating costs by a third. Besides being a much quicker stimulus to aid the economy than road building, it is also likely to secure more highly skilled jobs.

4.3 We do not believe that high speed lines should be provided for their own sake but rather that new lines engineered for higher speeds should be an option for consideration where there is capacity issue. Without careful sustainability tests, HSR could become the new biofuels or eco-towns, taking funding away from greener alternatives.

4.4 We welcome the proposed Sheffield-Rotherham tram-train pilot. Yet more needs to be invested in trialling this type of light rail technology, which is increasingly widespread in France and Germany. Tram-trains can relieve congestion at busy stations by diverting off main lines onto streets, thereby increasing capacity and connectivity. Due to the comparative lack of electrification in the UK, new hybrid technology should be trialled to develop cost-effective ultra low carbon rail technologies on freight-only and disused rail lines, such as in rural areas. This could include flywheels, as piloted on the Stourbridge Town branch in the West Midlands, and ultracapacitors, which enable flash recharging at stops, without needing electrification along all of a route.

5. Is enough consideration given to the integration of rail with other transport modes, and with demographic developments, such as new housing developments, when rail investment decisions are made?

5.1 CPRE believes that there needs to be a step change in integrating rail with other modes of transport and with spatial planning, in order to give more people better alternatives to private car ownership.

5.2 Few of the proposed eco-towns, let alone New Growth Points for housing are integrated with new stations. We have proposed changing planning policy to ensure that any eco-town is rail connected and so viable for car-free living.

5.3 On the continent, new stations are used as place-makers, catalysing the development of new settlements or town-quarters such as Part-Dieu in Lyon. However, almost all the stations opened outside London in the last decade have been Parkway stations, giving up prime land for high density quality housing settlements or town-quarters such as Part-Dieu in Lyon. Besides being a much quicker stimulus to aid the economy than road building, it is also likely to secure more highly skilled jobs.

5.4 Calls to increase car parking at stations feature strongly in Network Rail’s Route Utilisation Strategies. While CPRE tends to support sensitive increases in car parking at smaller stations, it is concerned by the creation of sprawling car parks and new Parkway stations designed to cater for large numbers of car-borne commuters. Besides the inefficient use of land—frequently greenfield sites—and wasting the opportunity to have high density development around such stations, large car parks can make connecting public transport services less viable. The right response in individual cases will depend on the density of rail stations and public transport in the area surrounding a particular station.

5.5 The DfT published a consultation on Smart Ticketing in August 2009. It proposes to use new franchising agreements and changes to Bus Operator Subsidy Grant to roll out ITSO-compliant smart cards to rail and bus services, albeit at a slower rate in rural areas. However, it fails to contain proposals to roll out such integrated ticketing to Demand Responsive Transport (such as “taxiplus” services). car clubs, cycle hire or secure cycle storage. These are more important in rural areas where demand may not be sufficient to support regular conventional bus services to feed passengers into stations.

---

71 See CPRE’s Five Tests for High Speed Rail at: www.cpre.org.uk/campaigns/transport/rail/highspeedrail

72 This summer East Sussex County Council has criticised the draft Sussex Route Utilisation Strategy for failing to take into account new housing developments in its area.


74 For more details on such development, see our report The Proximity Principle, 2008.
6. Is enough consideration being given to the views of passengers in making investment decisions on the railways?

6.1 There must be consideration of the views of users and non-users, indeed the DfT has recently produced a report on the views of the public to rail. The barriers to rail use identified are stations not being close enough to origin and destination, cost and perceived convenience, in terms of journey time, service frequency and reliability.

6.2 Since the publication of new guidance by the DfT in July 2008, regions can bid for rail schemes through the Regional Funding Advice (RFA) process. We welcome this process in theory, as responsibility for local and regional travel should be devolved from Whitehall yet many rail schemes are too large to be taken forward at the local authority level. However, there has been scant public consultation on funding priorities in practice and where there has been, it has not been followed. For example, stakeholder engagement in the South West supported prioritisation of public transport schemes including the Bristol Metro over road schemes but was ignored by regional bodies, only for the DfT subsequently to raise its own concerns.

6.3 The Department itself has not aided matters by its use of the fiscal stimulus to advance unilaterally match-funding for road schemes such as the A46 and the SEMMMS road by Stockport. The former has led to funding being diverted from eight rail schemes in the East Midlands, while the latter could effectively push back funding for upgrading the Manchester Hub, the key rail bottleneck in the north.

7. What should be the key priorities for the next High Level Output Statement?

7.1 The existing HLOS, included in the 2007 Rail White Paper, set out a list of metrics (safety, capacity, reliability) followed by a list of major projects that cannot be subsumed into those metrics as they deliver benefits beyond them.

7.2 There are serious questions as to whether this specification process is still appropriate and flexible enough, in light of the new “option generation” approach of DaSTS and flexibility given to the regions through the RFA process. For example, the Statement of Funds Available (“SoFA”) does not include RFA capital or the potential for lengthening franchises allowing Train Operating Companies (“TOC”) to invest their own funds. There may also be scope for integrating HLOS metrics better with the DaSTS metrics and matrix showing transport challenges.

7.3 There are dangers in overreliance and underspecification of metrics, for example tough targets to improve safety on rail—already the safest mode—could reduce modal shift for less safe modes. The reliability metric seems to have encouraged timetable padding to slow down services to reduce the risk of lateness.

7.4 We believe key priorities for Control Period 5 should be:

— **Electrification**—Proportion of track miles that are electrified as well as passenger and freight trips operated by electric traction.

— **Cab-based radio signalling (ERMTS)**—Proportion of track miles that are covered by ERMTS.

— **Gauge clearing**: Proportion of routes than can be carry double-decker passenger trains or hi-cube containers.

— **Sustainable access**: Proportion of passenger trips to and from stations made by sustainable modes of travel, with sub-indicators for the proportion of trips made by active travel as well as the proportion of the population within 5km of a station.

— **Regularity of services**: proportion of services based on a regular clock face timetable pattern and separately, the proportion of routes with a seven day service and with at least a 51 week service (ie not closed down due to engineering works).

— **Journey times**: proportion of passenger services that are faster than equivalent journeys by private car between major trip attractors.

---


76 See DfT, *Guidance to regions on delivering a sustainable transport system,* 2009 at para. 53: “Options for rail proposed by the regions, which differ from the base level of service, would need to be secured as an increment or a decrement to what DfT is proposing through HLOS 2 or in future revised franchise specifications. The Department is willing to discuss any proposals for rail disinvestment, with the region benefiting from the proceeds”.

77 Denmark, for example, plans to install ERMTS over all of its principal rail network as opposed to patching and mending a range of old and different signaling systems.

78 Birmingham to Nottingham journey times, for example, are poor with an average speed of 43mph on a route that is longer than the road alternative. Rail’s modal share is low as a result.
8. Is the current investment programme sufficient for the needs of the UK economy and for passengers themselves?

8.1 We believe that the current investment programme is seriously insufficient for delivering sustainable economic development. Even the provision of new carriages is far less than necessary to meet existing demand. Antiquated signaling means that many rail lines operate at far less than their actual capacity, while nearby roads are jammed solid.

8.2 The lack of concrete plans in CP4 (2009–14) for reopening railways in England is greatly concerning, such as the ongoing delays for East-West Rail between Oxford and Cambridge, and is in sharp contrast to the work done by the devolved administrations.

9. In light of the current economic crisis is it still important that projects designed to increase capacity continue on the present timescale?

9.1 Stronger growth in rail is likely to resume once the recession has ended, even if there is limited growth in the overall economy. Measures to narrow the gap in the costs of travelling by train and car, particularly at peak hours such as through the roll out of Workplace Parking Levies and Congestion Charging, are likely to be needed as the uptake of cheaper-to-run lower carbon vehicles increases. Such fiscal changes are likely to increase growth in rail further.

9.2 Crossrail’s current emphasis on providing for increased longer distance commuting into huge new tower blocks contradicts the fundamental tenet of planning policy to reduce the need to travel. Such long distance commuting, even by rail, has high energy costs and is likely to have a negative impact on carbon reduction. Moreover, the reliance on the City and financial services continuing to grow may be based on assumptions about the global financial system that are no longer valid.

9.3 Crossrail should be refocused to support significant modal shift, such as by being integrated with daytime restrictions on private motor traffic in central London and other town centres served by it. London will not be able to meet its 60% carbon reduction target for 2025 unless private motor traffic is seriously reduced.

October 2009

Memorandum from Nottinghamshire County Council (PIR 49)

SUMMARY

1. Work in the East Midlands is establishing innovative and very cost-effective methods of rail infrastructure investment. This covers both the main lines and secondary routes.

2. Work initiated by Nottinghamshire County Council, in close conjunction with Network Rail, is revealing that there are opportunities for modest investment in secondary rail routes that would significantly improve those rail services and radically—and permanently—reduce the operating costs. This is described in section A.

3. Network Rail is developing ways of upgrading rail infrastructure at far lower cost than has hitherto been the case. This applies to both the Midland Main Line and to secondary routes.

A—Secondary routes journey times and their importance

4. On many of Britain’s railways outside London, trains are no faster than they were in steam days in the first half of the last century. Services are more frequent, and often have more consistent timings than a century ago, so there is generally a better choice of when to travel at the best speed, but the fastest trains on many routes show virtually no improvement in journey time, despite 100 years of technological advance—and in some cases are actually slower.

SPEEDS IN 2009 COMPARED TO 1900–1960

<table>
<thead>
<tr>
<th>Route</th>
<th>Last century</th>
<th>Now</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liverpool–Nottingham</td>
<td>2 hours 56 minutes</td>
<td>2hr 46 minutes</td>
</tr>
<tr>
<td>Sheffield–Nottingham</td>
<td>50 minutes</td>
<td>49 minutes</td>
</tr>
<tr>
<td>Liverpool–Manchester</td>
<td>39 minutes</td>
<td>43 minutes</td>
</tr>
<tr>
<td>Lincoln–Newark</td>
<td>22 minutes</td>
<td>22 minutes</td>
</tr>
<tr>
<td>Sheffield–Manchester</td>
<td>50 minutes</td>
<td>51 minutes</td>
</tr>
<tr>
<td>Sheffield–Penistone</td>
<td>14 minutes</td>
<td>42 minutes</td>
</tr>
</tbody>
</table>

Fastest time (in minutes)

<table>
<thead>
<tr>
<th>Year</th>
<th>Last century Time</th>
<th>now Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shrewsbury–Gobowen 1967</td>
<td>18 minutes</td>
<td>19 minutes</td>
</tr>
<tr>
<td>Kettering–Nottingham 1910</td>
<td>54 minutes</td>
<td>59 minutes</td>
</tr>
<tr>
<td>Liverpool–Preston 1968</td>
<td>37 minutes</td>
<td>57 minutes</td>
</tr>
<tr>
<td>Nottingham–Derby 1964</td>
<td>22 minutes</td>
<td>24 minutes</td>
</tr>
<tr>
<td>Portsmouth–Southampton 1898</td>
<td>35 minutes</td>
<td>46 minutes</td>
</tr>
</tbody>
</table>

5. Obviously this effects the attractiveness of rail to passengers. Investment in roads has transformed car journey times compared to 100 or even 50 years ago. Whereas none of the rail journeys listed above could historically be equalled by car, now the car generally matches or beats rail on most journeys. The lack of improvement is a consequence of the fact that, although they serve important places—Liverpool, Manchester, Sheffield, Nottingham, Kettering etc—these rail routes have simply been starved of investment for decades.

6. The speed also has a huge effect on the economics of operation. Put simply, the faster the journey, the more trips a train set and its crew can undertake. Take a service that operates every hour. If it takes a train set four hours to do a round trip, then the hourly frequency needs four train sets, and four sets of train crew. If it could be speeded up so as to complete a round trip in three hours then the same hourly service would only need three train sets and crews. The track access charges and the fuel cost would remain the same, but they only account for a minority (typically 30%) of the total operating cost. The remaining 70% of the operating costs would be reduced by a quarter if one less train set and crew was required—giving a reduction in total costs of nearly 20%.

7. The exact figures vary with the original length of the journey, and the amount by which the journey time can be reduced, but the general principle holds true in all cases. If a service can be speeded up sufficiently it will enable it to be run with less trains and crews, producing a very significant reduction in operating cost. Nothing else within the direct control of the railway industry comes remotely near this in its potential to reduce overall operating costs.

8. In addition, a significant speed-up would attract significantly more passengers and generate significantly more revenue. Again the exact degree of revenue benefit will vary depending on the original length of the journey, and the amount by which the journey time can be reduced, but the general principle holds true in all cases—a speed-up will attract more passengers and so generate significantly more revenue.

9. A significant speed-up therefore has a double benefit, substantially decreasing costs whilst simultaneously increasing revenue. Most train services require public subsidy. A one-off investment in the infrastructure would produce a permanent reduction in operating costs and a permanent increase in revenue, and could transform the economics of operation of Britain’s railways, whilst.

10. It is rare that an investment can transform a public service in this way, simultaneously
   — Meeting key Government policy objectives re the economy and the environment,
   — Decreasing costs,
   — Increasing revenue,
   — And hence significantly—and permanently—reducing the cost to the public purse.

11. The non-improvement in journey time is despite the fact that modern trains are almost always faster than the old steam trains that they replaced. Indeed, the Sprinter trains that are typically used on secondary routes can cruise easily at speeds that were rarely, if ever, achieved by steam trains. The limiting factor is the speed limit of the track, and across a vast swathe of Britain’s railway network there has been no investment in the track to enable speeds to be raised.

12. Indeed, because their prospects of getting investment have been so low, it has not even been worth undertaking the work required to assess what might be possible and at what cost. This means that even where there are enhancements to the infrastructure of secondary rail routes that are low cost or have an excellent business case, there has hitherto been no mechanism for even identifying them.

13. To address this Nottinghamshire County Council has commissioned from Network Rail a number of studies into Nottinghamshire’s rail routes. These are revealing that there are some extremely cost-effective enhancements that can be made on secondary routes that have not hitherto been identified. Some examples are given below:

**Nottingham–Sheffield–Leeds**

14. This service, connecting three of England’s “Core Cities”, runs parallel to the northern half of the M1, which carries over 100,000 vehicles per day, and is being widened at a cost of around £500 million. A new direct Nottingham–Leeds train service was introduced in December 2008 to improve the once per hour frequency of the previous Sheffield–Leeds and Nottingham–Sheffield services, and to address extreme and persistent overcrowding on those trains.
15. The service is operated by 90mph class 158 trains, but it has an abysmal average speed of just 38mph, with a journey time of two hours and three minutes. It is so slow that, it is actually faster to catch it halfway and then get off and wait for a later train from Chesterfield which still manages to arrive earlier in Leeds.

16. The service was instigated by DfT, who are paying Northern Rail to operate it. The terms of the arrangement for this new service are not in the public domain (as far as we know), but the cost is believed to be around £2 million for the first year, declining somewhat as patronage builds up in future years.

17. Because each round trip takes four and bit hours, the hourly frequency requires five sets of trains and crew to operate. If it could be speeded-up by 10mph, to an average of 48mph—which is surely very modest—then the journey time would reduce by 23 minutes to 1 hour 40. This would enable each train and crew to complete a round trip in under four hours (including time to turn round at each end), and would mean that it could be operated with just four sets of trains and crew—ie one less than at present.

18. A train set of the type used (class 158) costs around £250,000 per annum to hire. In addition operation over 18 hours per day, seven days per week, requires three or four drivers and three or four conductors, costing another £250,000 or so. With associated costs this means that the cost of a single train set and the crew to operate it all week long is over £500,000 per annum. Thus speeding up the Nottingham–Leeds service to just 48mph, which would mean it could be operated by one less train set, would reduce the operating cost by at least £1/2 million per annum. In addition, a 23 minute reduction in journey time would also attract more passengers and so generate significant additional revenue. The combined effect of this reduction in costs and increase in revenue would be to reduce the subsidy needed by over 30%.

19. The main reason the service is so slow is a series of serious speed restrictions, most notably at Lenton, Trowell, Wincobank, Darton, Horbury and Normanton, whilst even where there are not specific speed restrictions the line has a top speed that is lower than the capability of the trains. If the general speed limit could match the 90mph of the trains, and the severe speed restrictions could be raised, then an average speed of 48mph would be perfectly possible, and the faster time and reduced operating cost could be realised.

20. Nottinghamshire County Council is working closely with Network Rail to identify what would need to be done to realise such a speed-up. Work is at an early stage, but initial results are promising. It looks as if there are a series of measures that could be taken, that, taken together, would achieve the required speed-up. Some of these measures are small scale and would be cheap, whilst it should be possible to reduce the cost of other elements, which would be more costly on their own, if they were to be done at the same time as planned renewals. A business case is being established.

**Birmingham–Nottingham–Lincoln**

21. Nottingham–Birmingham is broadly similar to Nottingham–Leeds. It is operated by “Cross-Country”, but is slower than other “Cross-Country” services, with an average speed of just 44mph—about 10mph slower than the normal Cross-Country speeds.

22. In this case a modest speed-up would enable a reduction in journey time of around 10–15 minutes, which would again enable the hourly service to be operated with one less train set and crew. The trains used are longer and newer and cost more to hire, so in this case the saving to the public purse would be greater—nearer to £700,000 per annum, or £5 million over the life of a franchise, plus of course the additional revenue that would further reduce the public subsidy needed.

23. Nottinghamshire and Lincolnshire County Councils have been working closely with Network Rail to identify what would need to be done to realise such a speed-up. Network Rail’s draft East Midlands Route Utilisation Strategy (RUS) states that “The overall benefit to passengers of improving (Nottingham to Birmingham) journey times is sufficient that the RUS recommends that the route is upgraded in CP5 (2014–29) in conjunction with timetable restructuring”.

24. Moreover in this case there is a potential additional benefit. The Nottingham–Lincoln corridor has a large need for upgrading—so much so that DfT is currently investing £346 million in dualling the A46. However, the Nottingham–Lincoln railway line has a sparse, slow service. Currently the one train per hour takes over 50 minutes, at an average of just 39mph. Despite the line being completely flat and straight, and having no inherent geographical impediments to speed, there is not one single inch on which the trains can go at their full speed.

25. Passenger demand is growing fast, and the route has plenty of capacity for a second train per hour. But at current speeds a round trip takes almost two hours and that would require two train sets and crew, which weakens the business case.

26. Here again, Nottinghamshire County Council has been working closely with Network Rail to identify what would need to be done to realise such a speed-up. The initial assessment is that it would cost £51 million, including a significant allowance for contingencies, to raise speed to 90mph for almost the entire route, and reduce journey times to around 35 minutes. It is hoped that further work will allow the costs to be established more exactly, and reduce the cost by avoiding the need for such a big contingency allowance. Nottinghamshire county Council has secured an allocation of £51 million from the regional Funding allocation for this scheme in 2013–15, subject to development and approval of a final business case.

---

27. Crucially, reducing the time to 35 minutes would mean that the service could nearly be operated by just one train set and crew.

28. As shown earlier, if the Birmingham–Nottingham service was speeded-up by 12 minutes, it would need one less train set and crew. In fact, by using the train set released in this way, and making productive use of the layover time at Nottingham, it would be possible to run a second train per hour from Nottingham to Lincoln, once that journey time had also been reduced.

29. So, for a relatively modest investment, it would be possible to produce multiple benefits:
   — Reduced journey times for Lincoln–Nottingham and Nottingham–Birmingham,
   — Double the frequency of service for Lincoln, and
   — a through service, Lincoln–Birmingham, where none exists at present,

and all the current operating cost. Thus a relatively modest one-off investment would permanently improve the service to the public and permanently generate extra revenue and reduce the cost to the public purse.

30. Nottinghamshire County Council believes that this is the key to unlocking a transformation of the finances of secondary services, containing the costs and making it far cheaper to expand the railways in line with Government policy. Traditionally, extra services have required additional rolling stock which has a huge initial cost and then has have its operation permanently subsidised. Surely it is better by far to incur a modest one-off initial cost to upgrade a line, so as to enable trains to be run far more cheaply thereafter.

SHEFFIELD–WORKSOP–LINCOLN

31. This is another line where Nottinghamshire and Lincolnshire County Councils have started to work with Network Rail on establishing the possibilities for and costs of a speed-up.

32. Speeds are currently slow—just 36mph. Again a speed-up of only 12mph to 48mph would cut journey times by 22 minutes. This would improve the service for passengers, increase patronage and revenue, and allow the service to be operated with one less train set and crew. The train set thereby released could provide a second train per hour on the crowded section between Sheffield and Worksop—at virtually no extra cost to the current service.

NOTTINGHAM–WORKSOP

33. The Nottingham–Worksop Line is a typical secondary route in that the linespeeds—the maximum speed at which trains are permitted to travel—are a mixture, with some places allowing relatively high speed (70mph), interspersed with various places with a lower speed limits.

34. In this case the County Council has shared with Network Rail the cost of studies (to GRIP Stage 2) which have revealed that it would be possible to raise most of the lower speed limits, from as low as 20mph, to 50mph, 60mph and in some cases to 75mph. The studies cost around £100,000. Better still, they established that the cost of the physical works would cost a little under £1 million in total. The first phase of the works is being funded from the Network Rail Development Fund (NRDF), and is being undertaken this autumn, and Nottinghamshire County Council is looking to raise the funding for the final phase.

35. The initial estimate is that this should reduce the Worksop–Nottingham journey time by about five minutes. This is a very substantial time saving for under £1 million. There is no conceivable improvement that could be made to the parallel A60 road for under £1 million that would reduce Worksop–Nottingham journey times by five minutes.

36. On this route reliability has historically been a persistent problem. One of the reasons for the unreliability is that trains have only a very short time between arriving at Worksop and setting off on the return journey. There is virtually no time to recover from any delay, and any train arriving late has started its next journey late.

37. The speed up will mean that trains should arrive five minutes earlier and set off five minutes later, thus giving an extra 10 minutes margin to recover from any delays. This will mean that far fewer trains run late in the southbound direction. Thus the linespeed improvement in this case has a double benefit—a reduction in journey time and a far more reliable service.

OVERALL IMPACT OF NOTTINGHAMSHIRE’S SCHEMES

38. The 2007 White Paper “delivering a sustainable railway” stated “reliability and capacity are amongst passengers’ top concerns and they are the priorities for this White Paper and for the rail industry”. As this note has shown, schemes to raise linespeed address both reliability and capacity, as well as making journeys more attractive to passengers because they are quicker.

39. Where the reduction in journey time is modest, as in the Nottingham–Worksop scheme, the benefit is to reliability, and journey time. In these cases the costs can be extraordinarily low—less than a million pounds in the case of Nottingham–Worksop.

---

40. Where the reduction in journey time is more substantial it can pass a threshold whereby a given level of service can be operated by fewer trains and at substantially reduced cost, as the Nottingham–Leeds example shows. The trains thereby freed-up can be used to operate extra services where they are needed, effectively at no extra cost, as the Birmingham–Nottingham–Lincoln and Sheffield–Worksop–Lincoln examples show.

41. Nottinghamshire is unique amongst English Councils in working with Network Rail to assess all its railway routes in this respect (we are also paying for an assessment of Nottingham–Grantham, and are looking at the Nottingham–Manchester route, but to save space have not included details here).

42. The Council believes that there is no other way that comes anywhere near this in its potential to reduce the costs of both existing rail services and of service enhancements across much of the rail network.

43. In fact this concept is not new. It is basically what British Rail did in the 1980s when it introduced “Sprinter” trains. The Sprinters were needed to replace old, life expired trains, and BR wanted to minimise the cost of purchasing the replacements. The Sprinters were lightweight trains which meant that, for very modest adjustment to the track, and minimal cost, they could be allowed to operate faster. This allowed them to do their journeys in less time and meant that fewer of them were needed to operate the services. So by speeding the services up BR was able to reduce the number of new trains that it had to purchase. In fact the saving in purchase costs roughly equaled the amount that was invested in the track. For example, it cost just £2.1 million to raise the speed from 75mph to 90mph over 14 miles of the Manchester–Sheffield route in 1991. The result of the “sprinter” programme was services that were forever afterwards faster, more attractive and yet cheaper to operate.

44. This lesson in how to reduce costs was lost during the upheaval of privatisation. None of the Train Operating Companies has subsequently taken it up. However, Network Rail is becoming alive to the scope for it. Recently, both the East Midlands RUS and the Electrification RUS have acknowledged the principle as one to be taken advantage of where possible, stating that to “facilitate sufficient time savings to allow the service to be operated with fewer (trains)...would allow reductions in fleet size, and associated rolling stock capital cost savings and train crew cost savings”. 82

45. As the Nottinghamshire County Council/Network Rail studies are showing, the cost of works to raise speeds can be very modest, especially where they take advantage of recent or forthcoming renewals of track or signalling from Network Rail’s huge renewals programme. It seems that it would be cost-effective to undertake such works on all of Nottinghamshire’s routes. It therefore seems highly likely that similar benefits could be cost-effective on routes elsewhere—around Liverpool, Manchester, Sheffield, Leeds, Newcastle, Birmingham etc.

46. A key fact emerging from the Nottinghamshire/Network Rail work so far, is that there are often renewals of track or signalling that either have been undertaken recently or are planned in the foreseeable future, that can be taken advantage of. When infrastructure is renewed the additional incremental cost of putting the new equipment in at a higher specification is often small. This is the case with all the four schemes detailed above, and has been a key factor in making the cost of enhancement far less than would normally be the case if the enhancement was being done as a stand alone job.

47. The financial effects of applying this on a wide scale could be very substantial. For just three routes (Nottingham–Leeds, Nottingham–Birmingham, and Sheffield–Worksop–Lincoln) the work in hand offers the prospect of being able to operate the services with seven fewer vehicles, and around 12 fewer drivers and 12 fewer conductors, whilst generating a lot more revenue. The combined effect of this could be to reduce the need for subsidy by around £2 million per annum, just for Nottinghamshire. But similar assessments elsewhere have equally good prospects for showing that the same could be achieved elsewhere—around Liverpool, Manchester, Sheffield, Leeds, Newcastle, Birmingham etc, and indeed across much of Britain. If that were to be the case then the potential savings could be many times more than £3 million per annum.

B—Midland Main Line

48. Historically the MML has received far less investment than other Inter-City routes. As a result it has the slowest average speeds, and since connectivity to London is a key factor for businesses, the East Midlands and South Yorkshire economies are put at a disadvantage.

49. A scheme has been developed to raise MML linespeeds in Control Period 4 (CP4, 2009–14). In October 2008, ORR’s Periodic Review defined the output required as “St Pancras to Sheffield line speed improvements: a package of track, signalling and junction remodelling to reduce journey times by around 10 minutes”, 83 and a sum of just £69.4 million (including contingencies) was allocated.

---

50. £69.4 million is significantly less than the original cost estimate for the scheme, and very significantly less than has been allocated for CP4 investment in other Inter-City routes.

The other schemes have defined outputs rather than defined outcomes, and give a mixture of capacity and journey time benefits, but it seems that despite being the cheapest by far, the MML scheme will deliver a greater journey time benefit than any of the other schemes. In fact ORR has subsequently written to Network rail to specify that the required journey time reduction of “around 10 minutes” in fact means “a minimum eight minute reduction in journey time”. It appears that this reduction in the time saving required is because of the extreme difficulty of producing a full 10 minute reduction for just £69.4 million.

51. The parallel M1 is having over £1,500 spent on upgrading it, also between London–Sheffield is more than 20 times the money allocated to the MML linespeed scheme.

No one would imagine it would be possible to upgrade the M1 all the way from London to Sheffield and produce an eight minute journey time saving for anywhere near as little as £69.4 million.

---

54 Letter from ORR to Network Rail, 3 September 2009, published on the ORR website.
52. Perhaps the most startling indication of how cheap this is for such a large scheme, is that the £69.4 million for the MML is 25% less than the £90 million programme to upgrade West Coast Main Line station car parks, that commenced in summer 2009. This is not to say that the West Coast car park programme is unjustified—the revenue generated will more than repay the initial capital cost of the £90 million borrowing, and it will have an overall positive effect on the bottom line. But it does put into sharp perspective just how exceptionally cheap the MML allocation is for a scheme of its size.

53. In contrast to the overall West Coast Main Line upgrade, that cost around £9,000 million, and which is universally recognised as the epitome of “how not to do it”, the MML scheme is based on a series of small incremental improvements, which have been identified after a careful assessment of the whole route. Painstaking care has been taken by Network Rail to take advantage of every possible synergy with other aspects of NR spending, including:

— track maintenance,
— signalling renewals,
— works for the national strategic freight network, and
— seven-day railway scheme works.

This is intended to ensure overall possessions are minimised, reducing disruption and compensation costs. It also ensures that every possible element of the works—inc assessments, design works, approvals etc—are combined and so done just once rather than done separately because they are discrete projects, thereby significantly lowering overheads.

54. To realise these synergies, it may be necessary to adjust the timing of some of the elements of the linespeed upgrade so as to tie in with the other works. As long as this does not involve too long a delay, this is surely a prudent way to manage projects. Synergising timings of different works to avoid de-facto duplication just a few years apart is key to the superb value for money that the MML scheme is achieving.

55. Nottinghamshire County Council believes that:

— If the MML scheme needs a few £million more to achieve the eight minute time reduction, then that should be found, in the same constructive way in which additional funding was found for the Swindon–Kemble scheme, and
— the practice adopted for the MML scheme, should be recognised as exemplary, and should be adopted for future large scale enhancements.

LESSONS FROM THE EAST MIDLANDS

56. The work undertaken by Network Rail and Nottinghamshire is establishing a low cost way of producing significant rail infrastructure enhancements:

— On the Midland Main Line, Network Rail has reduced the cost per minute of journey time saved to a level far cheaper than on any other Inter-city route upgrade, and far cheaper than the upgrade of the parallel M1. In fact it looks as if the MML scheme has been approved at such an extraordinarily low price that it will need a modest amount of extra funds, but even if it were to cost double the £69 million allocated it would still be a massive step change in value for money compared to the other recent inter-city upgrades.

— On the secondary routes, some very substantial journey time reductions can be had for relatively modest expenditure. Exact costs are still to be finalised, but initial indications of the schemes being considered by Nottinghamshire are that the cost per minute saved could be from £5 million or less, and in some cases it can be below £1 million, as the Nottingham–Worksop scheme shows.

57. In all cases—on the MML and all the secondary routes—a key aspect of keeping the costs low is to take advantage of synergies with renewal works (of track and/or signalling) that have been recently undertaken or are scheduled for the near future.

58. Network Rail is increasing alert to the potential for such cost effective enhancements, is beginning to identify them through its programme of Route Utilisation Strategies, and they are increasingly being taken forward by NR’s excellent Route Planning and Route Enhancement Teams.

59. However, Network Rail has not hitherto been funded to do such secondary enhancements on any significant scale. NR is funded in five year “Control Periods”, and Control Period 5 (CP5), from 2014–19, offers the first opportunity to provide real funding for such things. For the first time, Route Utilisation Strategies will have been completed for the whole network, and these should have identified instances where enhancements are desirable and have made an initial assessment of the cost that can be justified. Even so, the Route Utilisation Strategies do not establish the costs of the works required to implement such enhancements, and funding needs to be made available to Network Rail to do the relevant assessments to establish the costs, in the way that Nottinghamshire has done for its schemes.
60. Network Rail’s Development Fund (NRDF) provides some opportunity to do this, but it only applies when the business case has already been established for the overall enhancement (of which the renewals-enhancement are only part). This means that, unless the overall enhancement has already been approved, a partial enhancement as part of a renewal will not be considered or assessed, and a cost-effective opportunity will be missed.

61. In fact, opportunities to take advantage of such synergies should be looked for in advance of enhancement schemes, particularly for renewals of junctions which tend to be once-in-a-lifetime opportunities. Given NR’s huge programme of renewals, especially of track and signalling, many opportunities will arise to build enhancements into those renewals at very modest incremental cost. This will be true even where no enhancement scheme has been approved, or even assessed, and so no money will have been allocated for any enhancement.

62. Nottinghamshire County Council believes that, in undertaking each Periodic Review of Network Rail’s funding, the ORR should:

— Provide funding for Network Rail to undertake assessments of the costs of reducing journey times on all routes;

— Provide funding for those specific schemes on “secondary routes” that have been identified through the Route Utilisation Strategies, particularly where they would enable existing services to be operated with fewer trains (ie at reduced cost), or would allow expansion of existing services with current rolling stock (ie at minimal additional cost), including the Nottinghamshire schemes referred to in this paper, and

— Provide an allocation to enable NR to do incremental enhancements in conjunction with renewals, when they will be most cost effective, in advance of specific approval for any overall enhancement. It should be acknowledged that at the time of some such enhancements there will be not be an established business case, but even so the opportunity should not be missed, as systematically taking advantage of such opportunities would move the railway network towards being able to realise the long-term economies of operation.

63. In addition to funding via regulated borrowing, Network Rail needs to have details of possible schemes so that they can be considered as part of the Regional Funding Allocation process. DfT guidance for Regional Funding Allocations is clear that the need for any scheme must be based on transport need, and should not presume any particular mode. For this to become reality there will be a need to assess both road and rail costs of addressing any need to improve an identified corridor.

64. The sums required for these proposals would be modest in comparison to the £7,348 million provided for enhancements in Control Period 4 (2009–14).

October 2009

Memorandum from the City of London Corporation (PIR 50)

The City of London Corporation takes seriously its role in promoting the interests of London as an efficient and attractive place to do business and, while it is not in a position to respond to all areas of the inquiry, welcomes the opportunity to contribute to the Committee’s deliberations. The City of London has recently published the latest version of its Rail Strategy document, which summarises the City’s position on railway issues that have a direct or indirect impact on the Square Mile. A copy of this document is submitted to the Committee as part of this response.

The City is served by two distinct rail systems—the national rail system, which operates both shorter distance commuter services as well as sub-regional services from across the south east, and the London Underground. The City has five mainline termini (Liverpool Street, Fenchurch Street, Cannon Street, Blackfriars and Moorgate), and a through station at City Thameslink. Farringdon, London Bridge and Waterloo stations are also of importance to the City, lying just outside the Square Mile. The City benefits from 15 Underground stations serving seven different lines within or close to the City boundary, including the major interchange at Bank.

To maintain London’s position as the leading global centre for financial services, the City would encourage further investment in the capital’s transport infrastructure. London accounts for 19% of national GDP, and 15% of jobs. London’s national and international prominence relies on its population being able to travel efficiently and in comfort to work each day. The number of people employed in the City of London is set to grow to 400,000 by 2016 and, although the economic downturn may result in the demand for rail travel slowing in the immediate future, it is crucial that rail capacity keeps pace with forecast growth. Over 80% of City workers commute by rail, clearly demonstrating the importance of the rail network to the economy of both London and the UK.

Therefore, the impact of rail enhancements on the economy of both London and the UK can be viewed in terms of a “do nothing” scenario. If no additional capacity was added to the transport network in the medium-term, overcrowding would worsen significantly, to the point where current and potential investors in London may begin to focus their resources elsewhere. The Corporation therefore supports the improvement of rail services both in quantity and quality, with the primary concern remaining the provision of improved peak period commuter services. Action is required to modernise and upgrade the existing rail network, and also to support the implementation of new schemes such as Crossrail and Thameslink.

Rail travel to the City is dominated by commuter journeys. There are clear and significant peaks in demand during short periods in the morning and evening. Despite these periods only accounting for a relatively small portion of the day, these are the times that the majority of rail passengers travel to and from the City. The efficiency and quality of the service during these times are of particular importance to the City of London, coupled with adequacy of passenger capacity through proper provision at key stations. Currently the majority of commuter services are operating at or above the intended levels of capacity, leading to uncomfortable conditions for many passengers. Further disruption is caused by the closure of deep-level Underground stations at particularly congested periods for safety reasons, displacing some passengers onto other Tube lines and National Rail services which are already overcrowded. For these reasons the City of London welcomes the approval given to the Thameslink Programme, Crossrail, the East London Line extension, the Docklands Light Railway 3-car programme and the extension to Stratford International which will significantly increase the capacity of the capital’s transport infrastructure.

However, despite these positive developments, there is still a need to improve rail services for the City. The London Underground is now carrying more than one billion passengers a year, and the system is under considerable strain. The “Upgrading the Tube” programme is investing around £30 billion into the system, to improve service reliability, reduce journey times and increase capacity. However, the London Assembly’s Transport Committee’s recent report “Delays Possible: Maintaining and upgrading the London Underground” published in March 2009 warned that a number of critical improvement projects could be delayed or deferred due to a combination of rising costs and a need for efficiency savings. This raises major concerns given the City’s heavy reliance on the Tube network and, as research shows that good transport is a key factor in influencing an organisation’s decision on where to be based, any decision to slow down or scale back the upgrade programme could be seen as detrimental to London’s competitiveness.86

The current employment downturn is temporary and we need to invest in providing additional rail capacity now in time for the upturn. GLA Economics forecast earlier in 2009 that central London employment will return to 2008 levels by 2013–14 and increase by 10% on 2008 levels by 2016–17 with further growth beyond that date. By 2025 it is predicted that over 850,000 people will commute into central London every day—an increase of 100,000 compared with present figures. Major infrastructure works of this kind are also good for stimulating the economy and reducing unemployment (cf 1930s New Works programme which included major Underground extensions). Therefore, investment to increase capacity which has already been committed should be seen through.

It is worth emphasising the findings of the GLA report, which suggest that even with the committed schemes in London going ahead, there will still be overcrowding on various parts of the network and a need for further additional capacity. Therefore it is absolutely crucial that projects designed to increase capacity, both those that are committed and also prospective projects in the planning stages, continue to be progressed towards the current timetable, to ensure that overcrowding does not worsen to the point where London’s prominent world standing is compromised. It is also prudent to consider long-term investment in the railway, and planning for such projects should begin immediately, as major projects have lengthy lead-in times. Potential alternative funding sources should also be sought for major long-term projects to increase their economic viability.

It is widely known that the City has a particular interest in the successful delivery of Crossrail, especially since the City’s Court of Common Council agreed to support hundreds of millions of pounds towards the project. The importance of creating a direct link between the City and Heathrow airport, as well as easing pressure on the central-area of the Underground system cannot be underestimated. At its peak, Crossrail will employ up to 14,000 people and Crossrail’s commitment to establish a National Skills Training Academy provides an opportunity to support the skills development of those building the project.

Crossrail will provide an economic boost of £1.24 billion annually across all London’s boroughs according to a study undertaken by consultants Colin Buchanan, benefitting all of London not just areas directly on its route. It is also estimated that agglomeration benefits in the range £36 billion to £67 billion PV over 60 years will result from Crossrail. London must maintain its competitiveness versus other financial centres, (eg Paris, Dubai, Shanghai, Singapore and many other competing cities) all of which have major rail investment programmes. In addition, the delivery of further UK high speed rail will be at risk without Crossrail. The favoured option of a high speed terminus at Euston is dependent upon the diversion of some West Coast Main Line commuter services onto Crossrail to free up capacity for high speed trains. A similar consideration applies were the high-speed train proposals to be centred on a Heathrow Hub development as an alternative to a third runway.

The London-Stansted-Cambridge-Peterborough Corridor was designated as one of the Government’s four Growth Areas in the 2003 Sustainable Communities Plan. The West Anglia Main Line, which serves this corridor, is currently operating near capacity, and peak services can become severely overcrowded. A number of improvements have been identified for this route, which will benefit both passenger and freight services, and the City of London supports these measures to improve service reliability and increase capacity.

In the longer term, it is anticipated that new capacity will be required to meet the growth in population and employment that is expected in London and the South East. Proposals and safeguarding exist for the provision of new rail capacity under central London in the form of the Chelsea-Hackney Line. Although this is considered a long-term aspiration, outline planning should begin in the short-term to ensure that the growing needs of London’s transport system are not compromised by future capacity constraints.

Beyond the capital, the City Corporation supports the current increased focus on high speed rail use in the UK, with the successful opening of the Channel Tunnel Rail Link acting as a catalyst for more serious consideration being given to expanding the UK network. The City’s position as a leading financial centre is highly dependent on good transport links with other business centres and recent research commissioned by the Corporation showed that business leaders view high speed rail as a viable, environmentally attractive alternative to air travel for domestic and shorter European trips. Switching shorter journeys to rail also offers the potential to free up capacity at London’s airports to reduce flight delays and/or provide more slots for longer distance flights. As a member of Greengauge 21, a not-for profit organisation which aims to research and develop the concept of a UK high speed rail network, the City Corporation has been active in work examining rail route options, the value of high speed rail to the nation and the costs associated with it.

September 2009

Memorandum from the East Midlands Regional Assembly (PIR 51)

PRIORITISING INVESTMENT IN RAIL

1. In the medium to long term, what should be the main objectives for investment in the railways, in order to improve both freight and passenger services?

Beyond the current economic situation, it is imperative that investment in rail continues to encourage, facilitate and accommodate the established and unprecedented growth in demand for both passenger and freight traffic. From a DaSTS perspective, modal shift to more sustainable modes is essential to enable the country to address the transport component of economic growth and climate change. Rail thus needs to be funded overall so that targeted improvements in reliability, capacity, journey times and quality eradicate any impediment to traffic growth and offer a real and very attractive alternative to road-based modes.

2. How should these objectives be determined?

The current RUS programme feeding into HLOS seems to offer an effective means for addressing local needs within overall national strategies. However, it is considered that a stronger regional and local input would enable more effective assessment and inclusion of emerging needs. This could be achieved by inclusion of relevant stakeholder groups within RUS steering groups to influence direction from the outset of consideration rather than through the current and less effective means of wider stakeholder forums. For example, this should enable emerging DaSTS priorities to be fully reflected, and to enable Network Rail to take on a fuller two-way role in RFA programme development and management.

3. What is the impact of rail enhancements on the economy?

A sub-optimal rail offer can only restrict rail’s ability to contribute to sustainable economic growth. Conversely a presumption in favour of targeted investment in sustainable modes can positively address variations in regional economic performance. A particular issue for this region is the well-known and thoroughly justified image of the Midland Main Line as a “cinderella” railway. The investment history of the Midland Main Line in comparison with the adjacent West and East Coast Main Lines (as powerfully demonstrated in Nottinghamshire County Council’s submission to this Committee) highlights a derisory comparative level of funding going into the key rail artery for our region, with inevitable consequences in journey times.

4. How should long-term development of major new infrastructure, such as high speed lines, be balanced against short and medium term investment to improve capacity and passenger experiences?

It is important that the focus of short and long-term funding strategies are not seen as representing competing demands. We have the enviable problem of addressing unprecedented growth in rail demand whilst at the same time needing to ensure a substantial contribution to climate change measures and CO2 reduction. It is clear that the saturation of the “classic” lines means that the development of new capacity

87 The Use of Aviation Services in the City of London and the Central London Business District and the Implications for Future Aviation Policy, Oxford Economic Forecasting, published by the City of London Corporation, 2002.
Aviation Services and the City, York Aviation, published by the City of London Corporation, 2008.
through new lines is necessary. New state of the art lines (and thus inevitably high speed) will allow a windfall opportunity to revolutionise the offer on the “classic” network, for example, by developing new links and enhancing frequency and reliability on intermediate distance journeys. Such an opportunity should not be wasted by a lack of funding to maximise the opportunity.

5. *Is enough consideration given to the integration of rail with other transport modes, and with demographic developments, such as new housing developments, when rail investment decisions are made?*

   The experience from the East Midlands Region is that the opportunity to reflect headline demographic trends has been satisfactorily provided for in the RUS process, but a more central role for the regional bodies would no doubt assist that process. Whether this results in suitably geared investment is another matter. Of British regions, the East Midlands has the fastest growing population, but worryingly also the highest growth in road traffic. Against this perspective, and with our Regional Plan charged with delivering major housing growth in Nottingham, Derby, Leicester, our MKSM area (Northamptonshire), plus Grantham, Newark, Leicester, Lincoln and Gainsborough, decisions around the Midland Main Line upgrade, electrification and High Speed rail need to better reflect the challenges this region is facing. The DaSTS process, including its initial studies, provides a good opportunity for regional and local authorities to address the benefits that coordination of modes can deliver, but this does mean that the rail industry bodies must be fully engaged in the process.

6. *Is enough consideration being given to the views of passengers in making investment decisions on the railways?*

   The role of the passenger groups in the RUS process, and in commenting on higher level strategies, is well established, and planned improvements to the system will enhance this, but it is considered that any further opportunities to enhance this should be taken. In the East Midlands, for example, TravelWatch East Midlands invariably provides a very professional and often unique insight into fine-tuning of schemes.

7. *What should be the key priorities for the next High Level Output Statement?*

   From the East Midlands perspective, we would urge a strong focus on addressing regional disparities. The Midland Main Line should receive sufficient funding to bring it up to the level of the offer on the adjacent East and West Coast Main Lines (or as far as possible within the physical constraints of the Line) in terms of catering for demand and providing acceptable journey times. Firstly the relatively small budget for the MML upgrade scheme will still leave the Midland main Line as a “cinderella” line, and we believe that for modest additional investment, the MML could be transformed for example by a more radical look at speed restrictions. With regard to the current funding levels for the modest CP4 upgrade there is concern that this will be insufficient to deliver the agreed output specified by the ORR.

   Network Rail’s draft electrification strategy highlighted the Midland Main Line as having the best business case for inclusion in the initial Core electrification strategy, with the Great Western Main Line second. Despite this, the Great Western Main Line alone was surprisingly chosen. The Region is committed to supporting the case for early MML electrification, and thus would want to be assured that sufficient funding will be available to permit Network Rail’s proposals to go ahead as proposed.

   The submission by Notts County Council to this Committee has highlighted the cost-effectiveness of the approach taken within the Region on a number of recent projects, where the effect of a series of relatively small infrastructure investments on secondary routes can deliver substantial benefits. These cover journey time and frequency improvements, reliability and cost reduction through more efficient rostering of vehicles and crews. We commend this approach to the Committee, and are hopeful that Network Rail will be sufficiently funded so that it will be of assistance in transforming inter-regional links from the East Midlands (eg to Leeds, Birmingham and Manchester) which at present are uncompetitive in comparison with the private car. The approach also has application in respect of more local lines which are often beset with speed restrictions (some of which on detailed examination prove to be unnecessary) and can help make them a very effective component of local transport networks.

   The concept of the seven day railway is a crucial aspect of modernising the rail offer and should be funded adequately. This region suffers particularly badly from weekend disruptions, at a time when we are increasingly concerned about having the railway out of action from both environmental and economic perspectives.

   The East Midlands is to receive virtually no benefit from the 1,300 (?) extra carriages announced by Government, despite having some serious instances of overcrowding. For example, East Midlands Trains is in discussions with DfT to secure urgently needed extra capacity for the Liverpool-Nottingham- Norwich service. The region would thus urge a more equitable distribution of the extra carriage programme.

   Commendable progress is being made generally with the Strategic Freight Network and the gauge and capacity improvements associated with the W10 programme for container traffic. We are working closely with Network Rail to ensure that the East Midlands can benefit from the national programme, and thus urge adequate funding be put in place to secure the necessary extensions.
Of the region’s five Principal Urban Areas (Nottingham, Leicester, Derby, Northampton and Lincoln) only the latter has no direct service to London. This has been the subject of a long regional and local campaign, culminating in a franchise bid for a two-hourly service by National Express East Coast, which has been endorsed by the ORR. With the failure of the franchisee, there has been no progress on this, and it is vital to this region that adequate funding is in place to enable an early introduction of the service under the auspices of Directly Operated Railways.

THE CURRENT RAIL INVESTMENT PRIORITIES AND THE IMPACT OF THE RECESSION

1. Is the current investment programme sufficient for the needs of the UK economy and for passengers themselves?

It is difficult to comment authoritatively on the programme’s adequacy in respect of the UK as a whole, but we have already alluded to the inadequacy of funding going into this region’s railways, in particular the Midland Main Line upgrade. Beyond this, the answer must inevitably be no, as the programme must be expanded to permit the development of a High Speed network and to allow an early and robust rolling programme of electrification.

2. In light of the current economic crisis is it still important that projects designed to increase capacity continue on the present timescale?

Absolutely. It is now more vital than ever that we ensure continuing development of capacity as the railway struggles to cope with unprecedented traffic levels on a system with a fraction of the route mileage compared to its maximum extent. Delivering reliable connectivity will assist significantly in promoting economic growth when the economy turns the corner. Investment in rail is a very cost-effective way of achieving this. Furthermore any slow-down of current investment levels as a reaction to the economic situation will mean that we will be at a significant disadvantage when the upturn comes and are not able to respond promptly. The current situation perversely gives us the opportunity to get ahead of the game!

October 2009

Memorandum from Deutsche Bahn (PIR 52)

Deutsche Bahn first of all thanks the Members of Transport Committee for being invited to present our ideas regarding the Railways in Britain.

In our statement we focus particularly on high speed passenger rail as this was requested in our invitation.

(1) All countries which have decided in favour of establishing a high speed rail network have reported very positive effects so far and we are unaware of any country which regrets its decision in this regard. In fact, the opposite has tended to be the case: The success that high speed rail has triggered in every one of those countries has led to a long term boost in rail investments. The positive effects mainly come from:

(a) Reduced external costs of transport through a modal shift from road and air transport towards rail.
(b) High benefits of increased connectivity and the mobility of people.
(c) Strong positive regional effects generated around the stations of the new line.
(d) Highly positive effects during the phase of construction.

(2) The starting point for all considerations concerning a high-speed rail network should be a clear picture about the long term structure of demand for mobility in the UK irrespective of particular transport mode. This is essential to analyse effects of changing demographic patterns, higher costs of energy, etc. These and other fundamental input data should feed some kind of nation-wide transport model. This is absolutely necessary to get resilient predictions of how the country’s transport system could look in 20 or 30 years.

(3) Based on this model and probably many other considerations a theoretically optimised railway (or more specific “high-speed”) network should be modelled. The basic aim should be to find a target concept or “visionary” network, most probably also the future backbone of the rail transport network of the future. This is the network which is believed to achieve the highest attractiveness for passengers related to investments in the long run based on the aforementioned basic parameters. We have seen such outlines already for the UK, eg the Greengauge 21 paper or the Network Rail proposal. HS2 Ltd. is going to contribute to this debate by the end of this year.

(4) From that point on the focus is more on concrete project appraisal. It is now the task to pick the (macro-economically) most favourable piece of infrastructure out of the “visionary network”. It seems to be coming from the current discussions that this piece will probably be the London to West-Midlands/North West link.

(5) Having said this we can now go deeper into the specifications of the network. We think that a general aim is to press ahead with the development of the rail network in Britain towards the European Standards as it has already been started with HS1, the West Coast Mainline Upgrade and the plans to re-gauge some
additional lines in particular for freight transport. The fact that Spain, the country with the fastest growing high-speed rail network in Europe, has also clearly decided to go consequently towards standard European parameters is a clear indicator for the advantages of this strategy.

(6) Referring to your question of balancing the investment in high-speed lines against short and medium term investment to improve capacity and passenger experiences we do not see these two things as mutually exclusive. A new high-speed line could relieve capacity on conventional lines for more local and regional services as well as for freight trains. In addition upgrades of railway stations used by high-speed and conventional services will improve the competitive position of railways as a whole.

(7) Furthermore, DB has very positive experience of lines with mixed use for high-speed, fast regional trains or even freight trains. In the end it depends mainly on the additional infrastructure costs necessary to make a line attractive for freight transport which would normally operate during the night when there is little or no high-speed traffic.

(8) Our vision for the high-speed network in Britain is that it should generally be built according to European standards combined with special national train-sets which are able to run on the new line (and probably on a growing network) as well as being able to exit on the conventional network.

(9) In detail we propose that the following infrastructure elements of the planned line from London to the West Midlands/North West should be made ready to be accessible by standard European high-speed trains (see also Annex 1):

(a) The Terminus station in London.

(b) The high-speed line itself as well as all new build stations.

(c) The most important stations in the West Midlands/North West, in particular Birmingham and Manchester.

(d) The station at Heathrow Airport.

(e) The link between HS1 and the new high-speed line.

(10) In the future the further the high-speed network in Britain evolves, the more elements of the infrastructure will be ready to accommodate standard European high-speed trains. Maybe we will eventually see a British network being extensively homogeneous to the continental European network, surely a booster for all railway operations.

(11) We do not think that it makes sense to build an infrastructure which deviates from the current standards, eg a line with four tracks as it was proposed. With current standards a HS line (no matter if it is a more French, German or Spanish design) can handle 18,000 passengers per hour and direction without any problem. Should this enormous capacity prove insufficient in the future, we would merely suggest building a new line closer to the East Coast. Currently, there are less than five high-speed lines in the world close to their maximum capacity.

(12) In this context we would like to draw your attention to the fact that not only the capacity of the line itself is relevant but also the capacity of the stations. In France the capacity of the LGV Nord is significantly determined by the capacity of the Paris Nord Station. In Germany we have similar bottlenecks around the station of Cologne, which cannot be expanded any further.

(13) We also do not see a particular advantage of maximum speeds above 200 mph (~320 km/h). The marginal benefit of higher speeds compared to energy consumption and travel time savings is in our view hardly justified. We would suggest putting more attention of quick access to the railway stations in the city centre.

(14) We would very much hope that the UK acknowledges the importance of international travel which could be generated by the new high-speed line. For example Manchester to Brussels and Paris will see very attractive transit times far below four hours. A relatively short section achieving a connection between HS1 and the planned new line would allow trains to bypass the centre of London and would be able to attract in particular long-distance travellers. This is particularly valuable as over longer distances the ability of rail to substitute environmentally relatively unfriendly air travel is of high importance. In October 2009 the CEO of Eurostar, Nick Mercer, presented an extensive study which underlines the importance of direct connections to gain high significant market for rail transport. DB fully agrees to this finding. Our network shows routes with travel times of around four hours and a rail market share of around 50%.

(15) There are numerous of examples of very successful and heavily used bypasses in the European high-speed network. Madrid, Paris, Lyon and Frankfurt all feature the ability for trains to bypass the city centre. In the UK this is even more important as a number of the current city centre stations are designed in a dead-end format and may become possible bottlenecks in the future. It will mean a significant relief for these stations if trains could bypass the city centre. As already mentioned in paragraph 14 above, we therefore suggest a connection between HS1 and the new high-speed line which avoids the need to access the centre of London and allows trains to keep up a speed of 125 mph (~200 km/h).
(16) Also national traffic flows may benefit from a link between HS1 and the new high-speed line towards the north of London. People may travel from Birmingham to Ashford in about one hour! The link may also be used together with the high-speed link to Heathrow Airport which could enable fast services from Kent to Heathrow Airport in below one hour with Javelin-style trains. This is also a point where investments in high-speed rail could also improve the quality of fast regional rail services.

(17) Deutsche Bahn would like to draw your attention to the fact that a significant decision concerning international high-speed rail is already under way: The current review of safety guidelines in the Channel Tunnel initiated by the Channel Tunnel Intergovernmental Commission is an important decision for the long-term attractiveness of the British high-speed rail infrastructure. Also in this very important process we hope that the international equalisation of regulations makes a step forward towards easier access for operators which in turn will lead to more and more efficient railway services; one of the biggest levers to increase attractiveness of rail.

November 2009

Annex 1

FIRST THOUGHTS ON A POTENTIALLY PROMISING HIGH-SPEED INFRASTRUCTURE AND A RESPECTIVE SERVICE CONCEPT

---

16 1) Following the example of the Southeastern Franchise, use of conventional lines

Supplementary memorandum from Deutsche Bahn (PIR 52A)

Angela Smith asked me during the interview for details and figures about the external costs of transportation. The most relevant publications on this subject that I know were done by INFRAS and IWW (Switzerland and Germany)

Here is the link: http://www.uic.org/html/environnement/cd_external/pages/introduction.html

Memorandum from Greengauge 21 (PIR 53)

INTRODUCTION

1. Greengauge 21 is a not for profit company established to promote a debate around high-speed rail (HSR) in Britain. It published a Manifesto in January 2006, and a report entitled High Speed Two in June 2007. This latter report identified where the “first stage” of a national HSR network should be located.

2. In December 2007, following the launch of the DfT’s Towards a Sustainable Transport System, Greengauge 21 asked DfT if they intended to undertake any further work into high-speed rail. The answer was no.
3. In early 2008, Greengauge 21 launched a Public Interest Group with the specific aim of developing consensus around what a national strategy for high-speed rail in Britain would look like. The Public Interest Group, which comprises major City Councils, the English RDAs, a number of Scottish agencies, representative bodies from the rail industry, Network Rail, TfL and BAA plc, put up £0.75 million funding for a major research programme. Consultants and specialist advisers were commissioned through competitive tender. The work was reported in September 2009 in a document entitled: Fast Forward: a High-Speed Rail Strategy for Britain.

4. The identified strategy for Britain is a 25-year programme with two north-south HSR lines complemented by east-west links in central Scotland, across the Pennines and between London and Bristol/South Wales (see diagram overleaf). The overall business case shows this delivers excellent value for money, with a benefit:cost ratio of 3.5:1. There is a good business case for serving Heathrow Airport with high-speed rail and for linking new national HSR routes with HS1 (the channel tunnel rail link). The total programme cost is £69 billion.

5. The rationale for high-speed rail in Britain is centred on its beneficial impact on the national economy and on the fact that there is no other way to expand the nation’s capacity to accommodate the expected growth in longer distance travel and to reduce carbon emissions at the same time. The evidence in our work shows that the benefits from high-speed rail are well-spread across the regions and nations of the UK. The report also identifies how, with a progressive de-carbonisation of electricity generation, and even with planned improvements in the greenhouse gas performance of other transport modes, high-speed rail leads to a net reduction in carbon, once it is operational.

All of the documents referred to are available for free download from the web-site www.greengauge21.net or can be provided to the Select Committee members if desired.
The Committee’s Specific Questions

Prioritising Investment in Rail

Q1. In the medium to long term, what should be the main objectives for investment in the railways, in order to improve both freight and passenger services?

The main objectives for rail have to extend beyond the narrow (if worthwhile) ambition to improve rail services. The main objectives should be:

(a) To support economic growth and recovery.
(b) To reduce dependency on insecure fuel supplies and to reduce greenhouse gas emissions.
(c) To help support a more balanced, more sustainable and more productive pattern of economic growth across the country.

In order to achieve these objectives, there is evidence that rail needs to play a greater role than it does today, and it will be necessary to improve services accordingly. But it also becomes necessary to form a view on the way that economic growth is likely to take place in the decades ahead.

Q2. How should these objectives be determined?

Through the joint consideration of the relevant government departments (which need to include BIS, DCLG and DECC as well as DfT) and with the participation of relevant major city and regional authorities.

Q3. What is the impact of rail enhancements on the economy?

If wisely and efficiently specified, immense.

Britain’s productivity lags that of its major competitors despite the additional flexibility of its labour markets and the availability of one of the world’s main financial centres. It has under-invested in infrastructure, including in transport. Rail is critical for efficient business travel, for the expansion of large cities (which rely on rail networks for commuting), for inward and domestic tourism—and, if the connections are provided, for access to “global gateways” (airports and ports—as identified in the Eddington Transport Review, 2006).

Q4. How should long-term development of major new infrastructure, such as high speed lines, be balanced against short and medium term investment to improve capacity and passenger experiences?

High-speed rail will take a number of years to implement. In the meantime, as the economy recovers, growth pressures will arise on some parts of the network and investment will be needed and will be justified to address this. However, high-speed rail brings capacity benefits not just through the new services offered but also through capacity relief to existing lines. There is a real benefit therefore in having a long-term plan for high-speed rail and the rail network as a whole, since this will allow what would otherwise (in some cases) be wasteful investment to be avoided.

Currently we have a five-year expenditure plan for rail. This was (arguably) appropriate at the time it was developed, but it is generally realised that next time round, it would make more sense to take a longer term view and get the benefits of being able to move beyond “patch and mend” and expensive line-of-route adjustments in favour of some new lines, including for high-speed rail.

Q5. Is enough consideration given to the integration of rail with other transport modes, and with demographic developments, such as new housing developments, when rail investment decisions are made?

Clearly not. We don’t have rail links from the nation’s major cities to Heathrow Airport for example.

When demographics and housing are taken explicitly into account in rail planning, they are often focused on the specific concerns arising in the congested south east, without regard to how investment in the national rail network could shift demand for employment and housing growth to areas with less development pressure and where costs are lower too.

There is international evidence that high-speed rail stations deliver economic transformation (only) when they are part of a city/region masterplan.

Q6. Is enough consideration being given to the views of passengers in making investment decisions on the railways?

Yes.

Q7. What should be the key priorities for the next High Level Output Statement?

The next HLOS should not be restricted to a five-year programme and should set out:

(a) a programme for high-speed rail development;
(b) a programme to remove bottlenecks on the national freight network (including across London); and
(c) a programme to create a set of cross-city region electrified networks, to complement high-speed rail and to support sustainable growth of the main city regions.

THE CURRENT RAIL INVESTMENT PRIORITIES AND THE IMPACT OF THE RECESSION

Q8. Is the current investment programme sufficient for the needs of the UK economy and for passengers themselves?

Yes the programme is sufficient for short term needs, but only because growth has levelled off during the recession (and fallen for freight). The recent announcements on future electrification projects are a good first step in looking beyond the short term, but these are not sufficient to meet the objectives outlined earlier. There is as yet no overall rail investment programme for the medium/long term.

Q9. In light of the current economic crisis is it still important that projects designed to increase capacity continue on the present timescale?

In general, yes, but the sooner we have a long-term framework which includes expected developments such as high-speed rail, the better.

November 2009

Memorandum from Birmingham Friends of the Earth (PIR 54)

I am writing to you regarding the evidence session which I understand is being held on Wednesday. We have concerns that an inadequate evidence base may be considered and that it would be advantageous to take into account door-to-door journey times more fully.

The West Midlands conurbation has a network of railways, but the pattern of train services (some routes having no local stations and passenger services), is a deterrent to the use of railways. It is overlooked that a reasonable journey time to a destination relies not just on one link being a high-speed limited stop service, but also on the remainder of the journey.

The Birmingham Friends of the Earth document attached is a response to a draft Regional Rail Strategy for the West Midlands. The document it responds to is one that largely bundles together ideas from the railway infrastructure owner Network Rail. Acknowledging that Network Rail is performing well in some ways, the response seeks to indicate that having train planning expertise (as has Network Rail) is a different skill set from those required for a rail strategy that requires transport planning, land planning, and regeneration, to be considered.

It is important to review passenger rail transport in areas other than London, given the differences in regulation. We also encourage the consideration of carbon reduction being at the forefront of all considerations regarding priorities for investment and currently the case for this where high speed rail is concerned is far from clear. When considered in comparison to the numbers of people driving around urban areas due to the lack of local train commuting facilities, we feel that would be more likely to achieve the reductions necessary to combat climate change and boost economic regeneration of those areas.

I hope that you will consider the need to create a good local environment with easy transport links as a pressing concern for millions of people all over the UK.

November 2009

Memorandum from Mr K Turton (PIR 55)

The finest form of railway permanent-way maintenance known to date is the labour intensive system which was abandoned by British Railways (BR) in the 1960s and 1970s. An inferior form of machine-operated maintenance was substituted in its place.

I put this point first because I hope to establish that the current railway industry is in no position to improve its performance. The present structure needs scrapping and a new industry needs to be built in its place dedicated to building a rail network which can tackle the problems I will raise.

It is because Britain had the first railway system in the world which emerged in the mid 19th Century, that we have inherited a totally outdated system. Indeed it was out of date by the end of the 19th Century itself. This is illustrated by what happened over an attempt at innovation with the development of the Great Central Line which emerged in this latter period. It had a continental-style infrastructure.

The Great Central Line ran from Liverpool to Marylebone via Manchester Central, Sheffield Victoria, Nottingham Victoria, Leicester, Rugby and High Wycombe. It dived off at Leicester towards Banbury, Reading West and Dover by-passing the London conurbation on its way to the south coast.

See www.birminghamfoe.org.uk
Initially, the Great Central Line was opposed by other railway companies who did not employ its continental-style infrastructure. Later it was closed by Beeching.

What we were left with after the closure of the Great Central Line are mainly main lines radiating from London which cannot carry continental style traffic. Instead the emphasis for both passenger and goods services in this country has moved onto congested road transport.

Today’s main railway lines are unsuitable for modern trains. Having rejected labour intensive forms of permanent way maintenance, a system of “Advanced Passenger Trains” on 125 Inter-City Services was introduced, which led to what were called “Tilting Trains”.

To facilitate these moves a changed permanent way policy was introduced. It became known as the “Deep Dig Policy”. But it was only applied to those lines which BR identified as being likely to achieve profitable services. This meant that few lines were ever set up with these provisions.

“Deep Dig” involved a track excavator being employed to dig up the permanent way to depths of two or three feet, thereby tearing up track that had been pounded into a solid mass and which was the bedrock to which measured shovel packing could be applied.

Measured shovel packing involved the track itself being scientifically measured. When sections were identified as requiring to be lifted, measured amounts of grit were placed beneath each sleeper to keep the track at its correct height.

This all went on throughout the ganger’s section each and every day. Different parts of each section needing such treatment.

It is worthwhile at this stage to point out that in 1937 Mallard broke the steam locomotive speed record at 126 and a half mph on track just above Peterborough Station which had employed a similar method of track maintenance. It could not have been achieved otherwise. It gave a world wide recognition to this form of track maintenance.

When BR decided on Advanced Passenger Transport (APT) services, it was aware that its railway tracks were not suitable for the speeds envisaged because the tracks had too many bends.

For bends to be handled, they first need to be cambered. However, the maximum camber can only be seven inches high and this was not suitable for the very high speeds being reached on the continent. This is why the idea of tilting trains was put forward. This would have done the trick had it not been for the fact that BR decided that the necessary measured shovel packing was too expensive.

So a new method was adopted to alleviate the problem, with the Deep Dig team tearing up the track bed. It was then to be replaced by ballast along with eight cwt concrete sleepers, believed to be the best method of holding down the track at high speeds.

When this was tried with APT, the tilting took place as expected, but the movement took place from side to side and tended to cause sickness amongst the passengers. The tilting also caused the train to go out of gauge at certain points making it a totally unsuitable arrangement from a safety point of view.

The ballast bed which had been a solid mass before the Deep Dig was not so afterwards. Therefore, high speed running on these lines could not be achieved for the APT. Whilst all the miles of Deep Dig had made the lines concerned totally unacceptable for high speed running.

Hence we have two problems. Hundred of miles of railway are still carrying a 19th Century infrastructure, whilst those sections which now have their infrastructure in order have acquired a track bed which is totally unsuitable.

What BR had needed to do was to leave the track bed as it was and straighten out the many extensive bends on its lines. This would have been a considerable job as are the requirements today. The current task is still to put the track in order, but this now requires programmes of both (1) measured shovel packing as well as (2) the straightening of bends. If we want high speed trains and expanded rail usage in order to relieve road congestion, then these are the policies we must now start to pursue.

November 2009