



Consultation Response

Transport Select Committee Inquiry – Priorities for investment in the railways

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Introduction

1. **pteg** represents the six English Passenger Transport Executives (PTEs) in England which between them serve more than eleven 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

5. 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;
- 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);
- 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 £36m 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 £72million 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;
- 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.