TRANSPORT, LOCAL GOVERNMENT AND THE REGIONS COMMITTEE

TRANSPORT SUB-COMMITTEE

INQUIRY INTO RAIL SERVICES IN THE NORTH OF ENGLAND

EVIDENCE PREPARED BY THE PASSENGER TRANSPORT EXECUTIVE GROUP

BACKGROUND

1) The Passenger Transport Authorities (PTAs) cover areas with a population of over 13 million people. The Passenger Transport Executive Group (PTEG) represents their 6 English PTEs and Strathclyde in Scotland. All PTEs are co-signatories to the appropriate local rail franchises in their area. In addition they work closely with the Regional and Local Authorities in their areas to improve the regional and national rail networks in their conurbations. Whilst all PTEs have an influence on the rail services in Northern England, this evidence particularly reflects the position in South Yorkshire, West Yorkshire (Metro), Tyne and Wear (Nexus), Greater Manchester and Merseyside (Merseytravel). Merseytravel have also submitted separately evidence on the position in their area.

2) PTA/Es are committed to delivering high quality integrated transport networks for the conurbations they represent. Through investment in rolling stock, new stations and other improvements to the network, use of the local railways in conurbations has grown significantly. Furthermore, each PTA/E has in place Local Transport Plans and Rail Strategies for further developing their networks. These strategies recognise that if rail is to continue to play its part in an integrated transport network which underwrites the economic, environmental and social objectives for the conurbation, long-term strategic planning is required. Most such strategies take a 15/20 year view. Such a timescale is essential and is based on PTE experience of developing light and heavy rail networks.

3) Refranchising through the TransPennine Express (TPE), Northern and Merseyrail franchises will therefore be critical to achieving those aims. PTEG is committed to working closely with the SRA to put in place a more robust franchise agreement which could deliver the aims of both organisations. PTEG believes that the investment that is needed in rolling stock and infrastructure can only come through the commitment to new and longer franchises. For this to happen there must be adequate funding to the SRA to ensure that investment takes place. PTEG has already submitted evidence to previous Inquiries of this Committee on its concerns that a combination of the level of funding available to the SRA, the over reliance on private sector funding and the emphasis in the objectives set out in the Secretary of State's Directions and Guidance will lead to a concentration on investment in the South East to the detriment of the North of England. The SRA have acknowledged this effect but draw attention to the level of support given through the franchise payments (nearly £300m pa) to PTE franchises. PTEG believe this to be a separate but related issue. Few railways in Metropolitan areas anywhere in the world cover their costs. Revenue support is justified by the wider objectives met – particularly reduced congestion, greater social inclusion and improved economic effectiveness. Investment in additional capacity and improved rolling stock and station facilities could generate demand that could reduce these support payments. PTEG, therefore, welcomes this Inquiry and the opportunity to present evidence.

RAIL SERVICES IN THE NORTH OF ENGLAND: CURRENT PROVISION

4) Nearly 20% of all rail trips are made in PTE areas. Rail Services in the North of England are currently provided through the following franchises:-

- Arriva Trains Northern (ATN), formally Northern Spirit, serving the TransPennine routes and the North East of England from the border with Scotland to South Yorkshire and Lincolnshire-the area covered by Regional Railways North East (RRNE);
- First NorthWestern (FNW) providing local/regional services to Manchester, Merseyside and North West England-the area covered by Regional Railways North West (RRNW);
- Arriva Trains (Merseyside) (ATM) formally Merseyrail Electrics, principally covering Merseyside;
- InterCity Services are provided by GNER, Virgin West Coast and Cross-Country and Midland Mainline;
- Central Trains - Inter-Urban services on Liverpool-Manchester-Sheffield-Norwich and Liverpool-Birmingham routes.

All five northern PTEs are co-signatories with the SRA to the ATN franchise. GMPTE, Merseytravel and Metro are co-signatories to the FNW franchise, as is Merseytravel to the ATM franchise. All three franchises expire in 2003 and the SRA has started the process of franchise replacement. The Arriva Trains Northern and First NorthWestern franchises will be re-configured into three franchises:-

- TransPennine Express;
- Northern Franchise;
- Wales and the Borders.

The Merseyrail and Northern Spirit franchises were originally awarded to MTL. Financial difficulties led to Arriva Trains Northern (ATN) and Arriva Trains Merseyside (ATM) taking over the franchises on a cost plus basis in February 2000.

Q1 ***Do the existing franchisees provide satisfactory services, particularly in relation to safety, punctuality, reliability, comfort and frequency of services*?**

Local Services

5) The background to rail privatisation is well documented. The emphasis in the bidding, in 1995, for the original franchises for Regional Railways North East and North West was on reducing support payments rather than service development. As a consequence PTEs gave priority to sustaining existing service levels. Bidding was very competitive and PTEs did not believe that the forecasts of cost reductions made in the bids were achievable and did not endorse them. These were compounded by poor management decisions at the start-up of the franchises.

At the commencement of the RRNE franchise a large number of early build Pacer Units (Class 141s) were withdrawn from service. No additional stock was procured and sufficient units were not available (with an adequate level of spare cover) to cover all diagrammed journeys.

6) Services did not recover from this base of under-funding which was already set in a context of under investment in infrastructure and rolling stock. As a consequence the local franchises have been characterised by poor performance, poor reliability, poor quality of service and are a generally unattractive product. This has undermined the objectives of Local Transport Plans and Railplans and has not delivered a sufficiently attractive alternative to the car. In spite of the poor performance there has been growth in patronage over this time in centres where the road alternative has also deteriorated such as Leeds and Manchester.

In West Yorkshire, peak commuting to/from Leeds increased by over 40% in the first three years of the franchise. This was attributable to a combination of the economic growth of Leeds and increasing road congestion. This growth was achieved without any increase in rolling stock (fundamentally, the franchise placed no obligation on the operator to increase rolling stock in response to patronage growth). This inevitably led to severe overcrowding on some routes and constrained the potential for future growth and progress towards Local Transport Plan targets. Analysis at the time indicated that the capacity constraint would limit future growth and that it would be physically impossible to accommodate more than a further 4% growth without any additional capacity. Metro has successfully bid for £6.3m of Rail Passenger Partnership funding for an additional 13 diesel vehicles and 16 electric vehicles to ease the overcrowding situation. The first 8 electric vehicles have recently entered service, but the effect of the additional diesel vehicles has been masked by a shortfall of 18 carriages which was discovered by Arriva when they took over the franchise in 2000. ATN and the SRA are currently 'searching' for rolling stock to make up this shortfall. Even when the shortage is rectified, the level of rolling stock will only ameliorate the current overcrowding problems and not cater for future growth.

In the Greater Manchester area, despite the delivery of new trains and the retention of some older vehicles, the overall pool of rolling stock has been reduced. This has led to serious overcrowding on key routes which is incurable in the current situation and is frustrating local Transport Plan objectives of achieving modal shift. In addition the level of performance has been far from satisfactory. Occasional improvements, with FNW are not sustained as the lack of rolling stock and infrastructure capacity make the situation fragile and susceptible to minor incidents.

7) Where congestion is not as great there has either been a levelling off of growth or a decline which can be attributed to the poor performance. *In South Yorkshire rail patronage doubled in the period 1989 to 1999. Since 1999 it has declined by nearly 20%.*

8) In 2000, following the financial difficulties of MTL the holding company for Northern Spirit and Merseyrail Electrics, and problems with the FNW franchise, the SRA had to provide substantial additional funding for all three local franchises. On award, in 1995, the Northern Spirit and North West Trains franchises expected to see net franchise payments decline over the life of the franchise from £240m to £160m. Between 2000 and 2001 payments had to be increased by the SRA by over £50m a year. This was intended to improve services until 2003 when the franchises would be renewed. In the case of the ATN franchise, however, this was followed by severe problems of driver retention with a fine of £2m levied and a further deterioration in services.

Prior to the recent problems, performance of the ATN network has been at best patchy. In West Yorkshire, average punctuality has been approximately 85% (between 1999 and 2002) compared to a target of 91%. Average cancellations for the same period have been 3.1% compared to a target of 1%. Delivery of peak capacity has been particularly poor. In general, only 80% of peak trains have been formed of the correct number of carriages. Put another way, a regular commuter in West Yorkshire would, on average, be faced with a short-formed train (and inevitable overcrowding) on two journeys per week. In reality, the short-formations have not been evenly spread and some routes have suffered more than others. Metro has received numerous letters *from commuters who have either given up on rail altogether, moved jobs or even lost their jobs because of the poor train service. The fundamental problem is a lack of resilience in the system to deliver consistently good performance. Resources were stripped away and all the assets (including rolling stock) are being 'sweated' much harder than ever before. On paper the service can be delivered, but in reliability any problems are magnified as there is no longer any 'slack' for recovery. Arriva Trains (Merseyside)/ Merseyrail Electrics have also failed to meet performance targets.*

In the early years of the franchise, MTL operated a number of single carriage trains on Nexus services which were incapable of carrying the number of passengers wishing to travel, especially at peak times resulting in substantial overcrowding (these trains had not been operated by British Rail).

Service Level

9) Across the three local franchises service levels broadly reflect those that were required in 1995. PTEs have been keen to see service improvements. In the Northern Spirit franchise a number of feasibility studies were required to facilitate service development. Although studies were completed hardly any led to the development of new services. Whilst the approach of the operator was a factor, development has also been constrained by the lack of investment in the network (see Q2 below). Fares revenue will often only cover approximately one third of the lease cost of additional rolling stock for new or enhanced services even before the additional operating costs are considered. This means that there have been very few examples of new services introduced since the start of the franchise. The level of Track Access charges by Railtrack is also a major impediment to introducing new services.

In West Yorkshire, a new service was introduced between Halifax and Huddersfield in May 2000, but this was only made possible by Metro picking up the additional operating costs until the end of the current franchise. Also, this only allowed a basic hourly service rather than the half hourly that is required.

Comfort

10) The majority of services are operated by Pacer and Sprinter type diesel rolling stock. Pacer units in particular are low quality, small capacity and do not compare well with the alternative of the private car. Most of the stock is not suitable for high volume commuter journeys and the poor configuration of the units leads to delays at stations due to boarding and alighting.

Regional Services

11) The main regional service in the North of England is the TransPennine service, which links all of the conurbations and is provided as part of the ATN franchise. Apart from the introduction of first class there has been little or no service development in frequency or destinations served beyond that in the original franchise. Services are still characterised by inadequate rolling stock with too many overcrowded 2 car trains. PTEG believes that this service has not developed as it could have done and as was identified in the TransPennine Rail studies carried out 10 years ago. Again, this is partly due to capacity constraints on the network, but also the approach taken by the incumbent operator to developing the service compared with the approach taken by operators elsewhere. There will still be 3 operators (TPE/Northern/Central) on the TransPennine route and there remain concerns that funding constraints will see development focused on Leeds-Manchester.

National Services

12) Inter-City or national services (which also provide some key local links such as Leeds/ Wakefield/ Sheffield, Newcastle/Durham and Sheffield/Doncaster) are operated by:-

GNER - which is widely acclaimed within the North East region and Yorkshire and Humberside for the quality of its services both in terms of its operations and customer services. Overall there is general satisfaction with the services provided by GNER in the region and the provision of additional commercial services outside the PSR. There have been problems recently of reliability and punctuality but a lot of this has been Railtrack-related. The speed and frequency of services to London and Scotland are cited as positive factors in both regions economic performance and journey times to London from Leeds and Newcastle are seen as much more favourable than from other major cities in the north, particularly Sheffield, Manchester and Liverpool. South Yorkshire PTE, Metro and Nexus have all been concerned at the way in which the franchise replacement process for GNER became protracted and are concerned that an extension of the franchise by two years will do little to provide the investment needed to grow this important service.

MIDLAND MAINLINE - this was an early example of franchise extension. Negotiations in 2000 secured an extension of the existing Midland Main Line franchise from 2006 to 2008 with more and faster services direct from Sheffield to London, station improvements, additional rolling stock and improved services between Leeds and Sheffield. All of these were key objectives of South Yorkshire. Whilst there remain issues to be resolved with Railtrack, this was perhaps one of the first examples of what was seen as a successful short-term extension. PTEG believes this is due to it being the re-negotiation of a franchise which still had 6 years to run. There are still issues to resolve with Railtrack to ensure improvements are delivered.

VIRGIN WEST COAST - The current level of reliability, comfort and performance on West Coast Main Line (WCML) services is wholly unacceptable. It is acknowledged that the route is currently subject to a major upgrade and that new rolling stock is imminent but there are many actions which could have been implemented to ameliorate the situation. There is considerable frustration and disappointment in the North West generally that the WCML upgrade has been scaled down whilst passengers are being charged inflated fares to pay for future improvements. There is a genuine sense of grievance in the region particularly amongst small businesses about Virgin's fare structure. A standard class walk-on fare from Manchester to London currently costs £97, whereas a similar fare from Leeds to London is £64. Frustration has been compounded by the loss of the alternative FNW funded services which provided a slower, but competitively priced alternative to the Virgin monopoly.

VIRGIN CROSS COUNTRY - The investment in new rolling stock and service development being phased in over the next year is welcomed. To date this important network linking the major centres outside London and linking all seven PTEs has been a second class InterCity service with slow journey times. poor reliability and overcrowded carriages. However, PTEG still has reservations over the total levels of capacity that will be provided by the new services and the reliance on Interchange at Birmingham. The track capacity taken by more frequent lower capacity trains constrains the opportunities for further development of local and regional services.

<u>Other Issues</u>

Rail fares generally remain attractive in PTE areas. However, although the long distance operators offer an attractive range of pre-purchased leisure fares, walk-on fares have increased considerably over the last 5 years.

Q2 <u>Plans for investment in the rail network in the region and whether they meet the needs of additional network capacity and other improvements.</u>

13) The completion of Leeds First will address many of the capacity issues in West Yorkshire. Although the InterCity operators are taking advantage of the 50% increase in capacity, so far not one additional local service will operate despite the clear demand and importance of local services to the economic growth of the region. There is also a general uncertainty over the timescales for other important investment such as the lack of progress on the East Coast Main Line upgrade, which is restricting the development of opportunities for both long distance and local services and the approaches to Sheffield which constrain service development on TransPennine and Leeds/Sheffield

14) There remain major constraints in other conurbations. PTEG is disappointed that the Strategic Railplan has deferred investment in the West Midlands and Greater Manchester until post 2010.West Coast Route Modernisation is a further cause for concern. It would appear that little, if any, enhanced capacity will be provided North of the Crewe-Manchester line for the additional Virgin West Coast and Cross Country trains and GMPTE/Merseytravel have not been made aware of any combined timetable for West Coast and Cross Country services North of Crewe. It is not known, therefore, what (if any) capacity will be left for regional passenger services and freight on what is largely a double-track railway. This directly affects the aspirations of both PTEs for improved inter-urban services (eg a half-hourly Liverpool-Preston Express service), and the aspirations of other authorities for better through services between the North West and Scotland. There are major concerns in the North West that failure to tackle the infrastructure capacity issue around Manchester will seriously hamper the rail system's ability to cope with future growth in usage. This in turn will impact upon the regional economy.

In 2001 a joint study, led by the SRA but co-funded by the GMPTE, Railtrack, Manchester Airport and the Highways Agency was completed. This examined the potential of the rail system in this area and identified the need to invest in infrastructure if future potential was to be achieved. Its findings were endorsed widely and are embodied in the Local Transport Plan. The core aspiration, to free congestion in the hub area of Manchester, has been adopted as the highest transport infrastructure priority by the North West Regional Assembly. The SRA's apparent prioritisation for investment funding on routes which serve the South East has meant that another means of funding must be identified. The SRA have countered objections to their prioritisation by citing their commitment to provide continuing high levels of revenue subsidy for the Northern franchise. This will merely perpetuate the present situation, in which the local rail system is very expensive to operate, unreliable, unattractive and underused. Continuation of the current system will not encourage the growth in usage envisioned in the Local Transport Plan, nor is it likely to achieve in the North of England the scale of growth sought by the Government's Ten-Year Plan. Sensible and sustained investment is needed to increase usage improve efficiency and reduce revenue funding. GMPTE are strongly opposed to the deferment of major schemes in the North West, together with Manchester Airport, is leading a regional lobby to secure additional investment for major infrastructure projects in the region.

In the West Midlands, the revised West Coast services will have a substantial impact on the ability to operate local services on the Coventry to Wolverhampton line. However, the review of the WCML project that is currently underway is causing a great deal of uncertainty over what the shape of the new Virgin West Coast timetable will be and its is extremely unclear at the moment exactly what the impact will be. This uncertainty will have knock-on impacts throughout the national timetable. With Virgin Cross Country it has become clear that local services have had to be fitted around their additional services which has had a number of knock-on impacts. In the West Midlands, for example, the Virgin changes has caused Chiltern to have to change its times which has meant Central Trains having to rewrite the timetable through Snow Hill at peak times. On the Cross City Line Centro have taken advantage of the fact that the previous timetable was incompatible with the Virgin times by putting in an improved service. Because the new Virgin Trains are extremely fast, they take up far more capacity on local routes than operating additional stopping services would. The impact of limited capacity in the West Midlands will have nationwide effects. As Birmingham forms the heart of the Virgin Cross Country network, delays here will react across the country. With West Coast and Cross Country changes the West Midland's network will be completely full and any further service development is dependent on implementing capacity enhancement schemes. The limited capacity means that the timetable in and out of New Street is set in stone and this will effectively set the what times Virgin can operate in and out of Manchester/Sheffield/Liverpool etc. Already, for example, Bristol is losing its cross-city services due to the times that Virgin have to operate out of the West Midlands and similar problems are likely to be experienced in the North.

15) The demise of Railtrack and wider funding issues has caused a hiatus in the ability to deliver investment improvements and as a consequence the approach to the Northern and TransPennine Express franchises is to set them as low/no investment franchises with infrastructure investment to be dealt with separately. This will allow bidders to concentrate on improving rolling stock, stations and customer services. In the present circumstances PTEG has not opposed this approach to franchise replacement provided it does not mean that the track and signalling investments are permanently overlooked as is beginning to appear to be the case. In the short term-the first 3 to 5 years of the new franchises- there is now little alternative. There are, however, two real concerns over the ability collectively to deliver the improvements needed even in the medium to long term:-

1) The emerging cost of investment post Hatfield is raising real issues of Value For Money and affordability. Modest station improvement schemes are soaring in cost such as Sheffield Station, Doncaster Interchange and few new stations are now being built. If the rail industry does not bring its cost base in line with other transport related investment, those who believed investment in rail can be justified are questioning the continued ability to make the case. In recent years in the Greater Manchester area the ability of the PTE to invest in rail infrastructure has been severely hampered by cost increases and the apparent inability of Railtrack to adopt a consistent and positive approach to developing schemes with a willing funding partner. In 1997 GMPTE in the face of resistance from a risk-adverse rail industry took on the responsibility to design, fund and build a new station at Horwich Parkway (the station has been a notable success in terms of passenger usage). On current station improvement projects, particularly at Ashton and Stockport, GMPTE is being repeatedly frustrated by ever rising costs and ever increasing delays imposed by Railtrack. The position at Ashton is particularly frustrating as Railtrack are only making a minor contribution to the funding to redress arrears of maintenance;

2) The extent to which even the core aspirations in the TPE and Northern franchises can be delivered within the funding available to the SRA. The cost of the franchise support payments to the ATN and FNW franchises rose by £50m in 2000. Whilst there will be competitive bids for the franchises in this current round the many uncertainties referred to above and the extent to which the TOCs are taking a much more conservative approach to bids - given the number of deferred/delayed franchise bids - will also affect the emerging cost. PTEG are concerned that this will lead to pressures on service levels/fares or quality during refranchising.

The lack of infrastructure investment in TransPennine will have a knock-on effect on the development of local services. For example, without the North TransPennine route upgrade, it is very difficult (without a reduction in performance) to path any additional local services amongst TransPennine trains thereby precluding development of many of the Local Transport Plan aspirations.

Q3 <u>Influence of rail services on the economic and social development of the region</u>

16) PTEG looks to the rail industry to provide comprehensive, affordable and integrated services in its conurbations at three levels. These are connections with the rest of Great Britain, connections between different parts of a region and services within the a conurbation. However, this should not be confused with a hierarchy. Integration of all three is essential to the well being of the North of England. With pressure on rolling stock availability and track capacity, the temptation to trade one or more of these markets off against another and against freight operations or to impose a national priority must be resisted. Reducing the quality of local services to allow improvements to Inter city services can equally undermine the viability of those strategic services. PTEs are well placed to ensure integration of rail services and integration with other modes.

17) Developing national, regional and local rail links is central to all regional economic strategies and the importance of national priorities such as upgrading of the East and WCML's and capacity improvements at Birmingham, Manchester and Sheffield have already been identified. Further economic benefits will flow from a commitment to the North-South High Speed Link, which is strongly supported by PTEG. Whilst the revamp of Virgin Cross Country and the potential for new services promised by the TransPennine franchise could open up new regional links, there will still be destinations not served by direct services, such as Newcastle/Leeds to Leicester and Nottingham. *There are examples where centres are not receiving the level of service justified by their level of population to the detriment of their economic potential, eg more direct services to Sunderland and the Durham Coast, Barnsley and Rotherham. In South*

Yorkshire, the lack of such access and the inability to currently address it is seen as a major barrier to achieving the economic and social transformation offered by Objective One funding.

18) There are many examples of Regional aspirations which are dependent on the delivery of improved rail services. *The North East Regional Transport Strategy seeks economic regeneration by the most sustainable means possible. To achieve this, rail services between different parts of the region must be of a standard which will make intra-regional travel by train a realistic alternative to car journeys, and will also reduce the social exclusion experienced by parts of the region. Therefore, links between Northumberland, Tyne and Wear, County Durham, Teesside and Cumbria will need to become more frequent, more integrated with other forms of transport, and of a higher quality in terms of rolling stock, stations, security and journey information. Nexus sees the increased frequency of services along the Durham Coast and the re-opening of the Leamside line as two projects crucial to increasing connectivity between the north and south of the region, and reducing perceptions of peripherality. In the longer term, progress towards a region-wide public transport tariff as is common in continental Europe would do much to encourage integration between rail and other modes of public transport.*

T*he improvement of services between Leeds and Sheffield – a high regional priority for Yorkshire and Humberside has been delayed by the process of refranchising and the lack of investment plans for Sheffield*.

In Greater Manchester, the recently completed Greater Manchester Strategic Rail Study and the Local Transport Plan both envisage significant growth in usage levels on the local rail network. The overall objective of the Study was to examine the need for the strategic development of rail services in Greater Manchester and how these could contribute to achieving the government's policy objectives and targets for growth in usage in the 10 Year Plan. The "Network Vision" set out in the Strategy adopted the LTP targets of a 3 to 4 fold increase in patronage on local and regional services so as to enlarge the role of rail as a major element of a fast and frequent high capacity spine for the public transport network in Greater Manchester. A key element of the Study recommendations was to segregate the rail system in Greater Manchester to facilitate better local, inter-regional and inter-city services. To achieve this all the partners recognised the urgent need for sustained investment in a crumbling infrastructure. One of the outcomes of the Strategy was to remove at least 150 million vehicle kilometres per annum from the highway network by 2010 and 200 million by 2020. These objectives clearly will now not be met.

19) Local rail services have an important role to play in reducing social exclusion and improving access to jobs education and services. It is vital that enhancements and upgrades to the rail network make provision for the maintenance and improvement of such services. *In this context, continued SRA support for the re-introduction of passenger services on the Leamside route and the Ashington Blyth and Tyne line is needed. The existing local rail service within Tyne and Wear can also play a greater part in this process. Nexus would ideally like to see six trains per hour on the core Newcastle Central to Metro Centre forming a regional network connecting many places within the region, and will work with train companies, Railtrack and the SRA in pursuit of this aim. Improving links between the main centres in South Yorkshire is seen as essential to its economic and social transformation. In West Yorkshire, the economic growth of Leeds is dependent on an efficient transport system to ensure appropriately skilled workers can travel to the jobs. Rail plays a major part in this and inadequate services would affect not only the development of Leeds, but also the ability to spread the benefits to the rest of the economy. Manchester, Birmingham and Liverpool also attach a high priority to such investment.*

20) Attractive local services depend on the quality of services offered. PTEG is concerned that in the refranchising process for the Northern franchise the SRA is seeking to reduce quality standards. PTEG wishes to continue to drive up standards by improving the present SQUIRE regime of inspection and monitoring to ensure quality standards particularly on stations are enforced. The SRA appear unwilling to support this unless the PTEs underwrite any costs borne by the Train operating Companies even though those costs are currently part of the franchise payments. They are also unwilling to continue to enforce the present or improved regime.

CONCLUSION

PTEG believes that many lessons have been learnt from the first franchises, particularly the need to commit to improved services, quality and reliability in the franchising bid process. There will always be cost pressures on service delivery and the competition for the franchise is the appropriate place to secure best value. Sacrificing quality to achieve unrealistic cost savings has undermined the development of an integrated transport network in the North of England over the last seven years. Refranchising provides the opportunity to correct this. Furthermore the opportunity to provide a separate focus on the delivery of improved regional services (TPE) from that of the local needs (Northern and Merseyrail) must also be properly resourced. Creating new franchises must be done in a way that ensures services are resilient during the transition otherwise the mistakes of 1995 will be repeated. Put simply if the SRA does not have the resources to deliver adequately funded franchises in the North of England then the Government will not achieve its ten year plan targets, regional economic strategies will be undermined and LTP targets in all our major cities for modal choice and social inclusion will not be met.