

APPLRG / pteg: Light Rail and the City Regions

Day 3 – 25 November 2009

Session 5 – Transport for London/UK Tram and Centro/*pteg*

Questions 219 - 232

PLEASE NOTE THIS IS NOT A FULL TRANSCRIPT
BUT A NOTE OF THE SESSION.
DUE TO A TECHNICAL FAULT NO TRANSCRIPT IS AVAILABLE.

Q219 Geoff Inskip: [Opening Statement taken from written notes]

My name is Geoff Inskip. I am the Chief Executive of Centro and the West Midlands Integrated Transport Authority. I'm here today as I lead Director General on light and heavy rail issues for pteg, and I am also a Director of UKTram, the industry body whose aim is to give a single voice for the tram industry on issues such as regulation and standardisation. I have over 20 years experience in the finance, rail, light rail and public transport sectors. In 1988 I looked at the private sector options for delivering Manchester's Metrolink (DBOM). In 1991 I was appointed Director of Finance of GMPTE and from 1996 to 1999 as Joint Project Director saw the extension to Salford Quays and Eccles delivered to time and within budget in 1999. I was appointed Deputy Director General in 1999 with special responsibility for Phase 3 of Metrolink or Big Bang. Following cancellation of a number of Light Rail Schemes by the Government I successfully delivered the full approvals for the £100m Line 1 upgrade package and finalised the funding and procurement packages for Phase 3A of Metrolink in 2006. I took up the position of Chief Executive of Centro-WMITA in October 2006 and I am actively developing transport solutions to attract people out of their cars including the delivery of the first extension and fleet upgrades for Midland Metro and new Rapid Transit and Tram Train proposals for Birmingham, the Black Country and Coventry. You have already heard from colleagues from pteg who spoke at a previous session with regard to the promoters' perspectives on light rail development and you have had our written evidence in support.

My contribution today focuses on drawing together the perspectives of pteg and UKTram, with my colleague Phil Hewitt, to give our view of the main issues we think the inquiry needs to address, namely:

- getting our collective act together as a cohesive professional body;
- action by government to create a permanent home market for light rail
- creating a level playing field for its implementation;
- devolving responsibility to city region transport authorities; and
- making tram train a reality.

In opening, I would reference my comments to the experiences of our colleagues in Europe where there is both a national and local political consensus over the contribution that light rail can make to the quality of life and regeneration impacts of Light Rail. It is my unashamed belief that the UK should build on those same principles to help transform our cities. - I do not need to tell this committee the impact that tram schemes have had on the quality of place in Europe. I do believe that if

there were a concerted effort by all partners, led by national government, we too can make a huge difference to our city regions.

At present we support, alongside other partners, UKTram as an industry body to help address the technical and operational issues that were identified as part of the Transport Select Committee's work in 2004 and following on from the National Audit Offices' report. The work of UKTram has been supported by partners and the Department for Transport and we have made good progress in addressing some of the technical aspects of light rail development, including reducing costs and producing accepted industry standards. However, I believe that we, and by that I mean the light rail sector, needs to step-up its game in becoming more professional in its organisation and outlook, moving beyond the nuts and bolts aspects of cost reduction and technical standards, to offer a greater degree of leadership for the sector and a focal point for lobbying of government and influential groups such as the All Party Parliamentary Group. We are hampered, I believe, by a multitude of different groups all supporting light rail, but with little coordinated effort. Therefore we are presently looking to review and bring some sense of purpose to the sector as a whole. If we can provide a coordinated and professional approach, I think we can step up our game. By working collectively we can bring further additional benefits to the industry and ultimately see more schemes get off the ground. Only by acting collectively will we find a more powerful voice with government, be more assertive in articulating the benefits of light rail and provide a single conduit for all of our collective knowledge and experience. This is not to say what has gone before has not worked. But I think we all acknowledge that the approach to date has lacked a sense of ambition to drive the agenda forward.

Governments over the years have not set out what they expect from light rail and the circumstances where they feel it is most appropriate. Unlike rail and, to a certain extent, bus, trams have no recognisable national framework that sets out these expectations, and has suffered as a result. For example, DfT has a rail division a bus division but no light rail division You will have heard from others the impact of the 'stop-start' nature of light rail development over the past 20 years, and the lack confidence, stability and consistency in the sector. It is these three themes that I'd like to put to the inquiry: Confidence in light rail can be brought about by government developing a framework for light rail at a national level, establishing its expectations and criteria for schemes, how they will be supported at a national level and how government sees this developing over the longer term. A national framework should be a relatively straightforward thing to produce, and the very act of doing so will create the confidence we need. As I have said in a number of different forums Stability for the sector can be achieved by government allocating a relatively modest (in relation to overall spending on public transport) amount of funding for support for the light rail sector - say £100M per annum nationally. This would give the industry stability in terms of a constant flow of work, allow experience to be built up and exchanged, and create the basis for a UK based tram industry. Whilst local funding would still be required, promoters would have greater confidence that resources may be available and future prospects more certain. Consistency needs to come about by setting out what light rail is from a technical and operational perspective. Treating light rail the same as or a sub-set of heavy rail does not deliver the benefits that light rail can bring, perpetuates the inconsistencies in the appraisal, management and delivery of schemes and reinforces the notion that light

and heavy rail can deliver the same things, when in fact they bring fundamentally different aspects to the transport agenda. In summary I believe that a consistent approach and a more confident and stable light rail sector will help define the unique contribution of light rail to urban transport.

As I have already alluded to, there is a discrepancy in the way that trams are looked at by government. On the one hand light rail is perceived as part of and related to the heavy rail systems in the country, and the other it is part of urban transportation, like buses. My view is that trams, whilst sharing many of the 'fixed track' elements of heavy rail must be seen as part of the options for urban transportation - and by that I mean on the streets of cities. Viewing light rail through this lens will help cement its place in the thinking of government about 'place' and urban regeneration and as part of our urban transport solutions. More practically it will iron out the inconsistencies that are currently applied to it: the 25% local contribution over 10% for other local transport scheme; and the lower rate of discount for utilities betterment. We have also pointed to the general perception that trams are somehow different from bus as transport solutions for urban areas - in the right circumstances trams can offer a competitive alternative to bus and this needs to be recognised more openly by government. I refer to the recent Cabinet Office report on Urban Transport and DfT response, which offer scant reference to light rail as a possible solution to the many challenges faced by urban areas.

Whilst we strongly believe that there needs to be a lead role for national government, we also believe there is a strong case for devolving decisions on local transport solutions to the local level. These are compatible aims - as an example I would cite the experience in France, where national government has created the framework giving confidence and certainty for the delivery of light rail and this has been implemented locally where towns and cities have decided to do so with the result that many more light rail schemes have been developed. The value of local decision-making seems now to be recognised by the government and all parties, with localism and devolution an important thread for how we address the challenges facing our city regions. More broadly however we would like to see government establishing the framework for ever greater devolution of powers and funding and decision making over how that funding is used. This has been recognised through the creation of Integrated Transport Authorities in the Local Transport Act 2008. If local areas decide on transport solutions that are appropriate to them and can fund them and implement them, then the role of national government should be to provide the mechanism for this to happen whilst making sure schemes contribute to agreed national objectives. At present, it is the worst of both worlds. We have local transport planning which does not have the powers or funding to deliver the aspirations of our city regions, controlled by a system of processes and appraisal which is demand led and not supply side led, is perceived to be micro-managed and creates a feeling of dis-empowerment locally. This is compounded further for tram schemes - they are expensive in terms of capital outlay and of a scale too big in funding terms to be easily accommodated through existing local transport funding, or effectively funded through regional funding allocations, which are subject to many competing pressures. A more devolved system, with better access to sources of local funding, such as ADZ's is more likely to create the scale of funding to meet these demands.

Finally I would like to offer a few words about Tram Train. All PTEs have aspirations for Tram Train. We see it is a vital part of connecting up our city regions, making the best use and more efficient use of our heavy rail assets, and introducing more efficient operations. I therefore want to stress three key points, which I hope the inquiry will reflect upon: – Tram Train is a fundamentally proven concept and its application to the UK should be relatively straightforward e.g. Manchester Metrolink heavy rail to street running; – Tram Train is a light rail operation using some heavy rail infrastructure - and that must be the viewpoint by which it is assessed - otherwise the heavy rail aspects will drive up costs; and – Finally, we need to develop other Tram Train schemes alongside the trial process - if we have to wait until the end of the trial in 3 or so years time, we will have lost even more time.

I hope this has given you an overview of our thoughts and ambitions for light rail. We are, as a sector, ready to step up our game to realise the ambitions of our City Regions but believe that the confidence and certainty that the industry needs to deliver tramways more effectively can in the first place only be provided by Government taking a positive lead role.

Phil Hewitt: Has worked on London Tramlink for TfL, and acted as internal client for new tram schemes, such as the Cross River Tram. Noted the incremental development taking place, associated with passenger demand and gradual expansions. Context is very different to five years ago. UKTram established in 2003 to bring together industry into single voice – as at time quite fragmented; conceptually and geographically different; but face with onerous commercial structures which resulted in costs escalation and real challenges for implementation. UKTram focus on technical design standards; harmonisation across industry and cost issues. Have had considerable support from DfT and ORR, and from Ministers. ROGS regulations and EU developments have focused industry and evolved thinking, building on experiences to date. UKTram in good position to respond to change and develop on from what has already happened.

Q220 Paul Rowen: Is Carillon a member of UKTram?

Phil Hewitt: It is a member of the Light Rail forum and represented on UKTram through other bodies. UKTram is made up from pteg, CPT, TfL and LRTF.

Q221 Paul Rowen: Carillon has told us that they are now not bidding for further projects. How far has UKTram got with achieving a standardised system?

Phil Hewitt: Depends on the procurement route. PFI does not lend itself to a simple system.

Geoff Inskip: Work has been done on procurement. We are trying to get away from the PFI one-size-fits –all approach and unsustainable risk transfer.

Q222 Paul Rowen: How would the next project be done differently?

Geoff Inskip: DfT now allow the promoter to determine the best procurement path. For example the West Midlands extension project will separate design and build from operation.

Q223 Paul Rowen: How will that develop?

Geoff Inskip: I think it is the way forward. The previous approach was not sustainable. A regular throughput of light rail schemes would help improve experience all round.

Q224 Paul Rowen: Government has committed much more than the £100M mentioned earlier. Is there not now a body of expertise with the current projects?

Geoff Inskip: Development is still stop start – no continuity beyond what’s there. No industry confidence in Tram Train or size of UK market.

Q225 Clive Betts: We’ve heard about sharing risks. What is a more realistic way of risk sharing?

Geoff Inskip: Down to who controls the risks and how managed. Some risks can now be taken locally and can proceed before full funding is in place. The private sector is no longer expected to carry the fare box risk.

Phil Hewitt: There is no one-size-fits-all answer to risk apportionment, the appetite of industry varies, and the situation will change over time.

Q226 Clive Betts: Are there continental models of risk sharing we could use?

Geoff Inskip: No. they look at costs differently. For example, the costs of utilities and street improvement come from other budgets. In the UK the light rail scheme bears all costs.

Q227 Clive Betts: Is separation of design and build from operation the way forward?

Geoff Inskip: Yes but the operator needs to be involved at an early stage.

Phil Hewitt: Under ROGS the operator must be involved at an early stage.

Q228 Clive Betts: Are changes needed to ROGS?

Phil Hewitt: The problem finding the independent competent persons. There is a lack of standardised practice in light rail. Previously things were coordinated by HMRI but now, under ROGS, there is a lack of people with sufficient expertise. We are waiting to see how the independent competent person role develops in Manchester and Edinburgh. The lack of continuity in projects does not help. A national framework is needed rather than actual standards. Tramways traditionally develop local solutions.

Q229 Paul Rowen: Mentioned to some changes in earlier statements, Do we need bold steps on developing trams systems and what do you think needs to happen?

Geoff Inskip: A lead is required from central government – some political steer as to its value. Funding needs to be assured. We need to concentrate on the value of light rail and Tram Train. Current appraisal is based on existing demand but it is more

important to consider the effect on developing the locality – i.e. what can a tram do for you city?.

Q230 Paul Rowen: Lewis Atter has developed an assessment for Manchester which measures impact on economic growth. Has UKTram looked at this?

Geoff Inskip: Yes. This can be applied to any transport scheme and enables comparison between modes. The current DfT assessment does not measure how schemes can regenerate regions.

Phil Hewitt: A consensus on the desirability of schemes must be sustained in the long term, with stakeholder and political buy-in.

Q231 Paul Rowen: Does the role of DfT need to change?

Geoff Inskip: Heavy hand on appraisal and micro-management of some aspects need to be lifted. Having given a region money and agreed principles, it should then allow the region to proceed with a scheme. Smaller schemes should be taken out of appraisal, minimal appraisal for other schemes and full appraisal only for major schemes. They should ask what a scheme does for the region. Local ability to raise finance is needed, for example, borrowing against future business rate growth. This has been proposed in the West Midlands to fund a rapid transit scheme, which might be either tram or bus, using an existing freight-only rail line...

Q232 Paul Rowen: What tools are required to raise finance?

Geoff Inskip: Accelerated Development Zones (ADZs) provide a good example of what can be done – more tools like this are required for major infrastructure projects.