



## **Great British Railways Transition Team**

### **Strategy**

**A consultation response by Greengauge 21**

January 2022

(Greengauge 21 responses are italicised)

#### Question 1

- a. How would you apply these objectives to rail in your region or to your area of expertise within the transport sector? ...and do you consider the objectives to have missed any key areas?

[The five suggested objectives for the 30-year strategy are:

- meeting customers' needs
- delivering financial sustainability
- contributing to long-term economic growth
- levelling up & connectivity, and
- delivering environmental sustainability.]

We were surprised to not see (improved) **safety** mentioned as an objective (it does appear, but under the description of the 'levelling up' objective).

We would also advocate consideration of an explicit **social well-being/health** objective (this also gets a mention, but under the heading 'customer needs').

Overlooking these areas risks diminishing their importance. One approach might be to combine them into a sixth objective: **safety, social well-being & health**.

#### **Translating the identified objectives into quantified and measurable goals is difficult**

"Meeting customers' needs" (the first objective) sounds like an appropriate first objective, but we suspect it is not readily measurable. We note that the National Infrastructure Commission's (NIC's) recent approach to defining the 'Rail Needs' of the North and Midlands in advice to Government, doesn't come close to defining either rail or customers' needs as such.

The NIC rejected the idea of setting standards of the type that exist for instance in Switzerland, which is one of the ways by which the notion of meeting customer needs can be turned into something measurable.<sup>1</sup>

Instead, the NIC sought to identify the circumstances where limitations in rail service provision would be likely to inhibit economic performance and productivity (and to some extent, social and environmental well-being). This in effect addresses the third and fourth of the GBRRT objectives listed above, while the second – financial sustainability – the NIC addressed through a top-down budget setting exercise.

#### **Budget frameworks**

Setting a budget framework for rail investment is, we think, helpful. Doing so would provide discipline in developing any plan. But it would also likely lead to a break with DfT investment appraisal traditions, in which much ultimately hinges on benefit cost performance of individual projects (in effect, regardless of project budgets).

We would observe that where over the period 2015-2021 rail investment plans were developed by sub-national bodies and DfT without regard to pre-established capital budgets, the outcomes have (not unsurprisingly) been met with disappointment as reality dawns.

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<sup>1</sup> We believe such an approach would only make sense if it was based on accessibility to public transport, rather than rail.

*The GBRTT, we believe, faces a critical choice as to whether it wishes to progress its strategic planning work as before – based on assembling investment options and running them through successive business case tests – or whether it wishes to pick up the analytical approach developed by the NIC which consciously sought to work within a developed rail allocation of national budget resources – albeit with the flexibility to argue for more generous capital sums (which the NIC took for themselves) if a good case could be made.*

*A consequential benefit of such an approach that should not be over-looked is that it side-steps the application of traditional project cost-benefit appraisals which have the unwanted characteristic of allocating funds primarily to the busiest and most congested parts of the national rail network where existing GDP levels are highest: London and the South East. Something has to change fundamentally if the third GBRTT objective – levelling up – is to be addressed, and this could be a device to do so.<sup>2</sup>*

**Q1a. (continued): Do you have evidence you can share with us of how you have applied similar objectives in relation to rail?**

*Yes, we do and at a national scale; a brief summary of how we developed our 2018 Report ‘Beyond HS2’ is given at Annex A, page 9, to this submission.*

*In Beyond HS2, we neither attempted to cost our proposals or calculate a long-term budget envelope for rail. Strategic plan development, we accept fully, should be about strategic judgements based on available evidence, including on budget realities that were not assessed in our work. But we were able to draw on a great deal of knowledge of the commercial realities of rail service provision across the national rail network.*

*In a subsequent report for the UK 2070 Commission (“The required revolution – transforming the UK’s transport connectivity”) we looked in more detail at the aim of levelling up the economy in a post covid world. Amongst our conclusions, we identified the need for some rail re-openings that would help join up the rail network (so not branch lines) alongside the development of inter-urban bus services and a set of mobility hubs (where transport modes come together for passenger convenience and which would also help support community-based and demand-responsive travel services), as well as the need for an integrated (national) fares and public transport information system for ease of use.*

**Q1b How is it possible to make progress against a number of the objectives simultaneously? Do any of the objectives have larger barriers associated with them than others, or do any objectives pose possible barriers to others? Where would you make the trade-offs?**

*GBRTT will be aware of weighting systems to deal with multiple objectives and the common use of multi-criteria analysis to assist decision-makers. We have two areas of observation to make:*

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<sup>2</sup> One aspect of the NIC approach that cannot simply be rolled forward into GBRTT’s work, however, is its approach to benefit measurement which centred on putting a value on the benefits of agglomeration.

*In theory this could be used by GBRTT to support assessment against Objectives 3 & 4 (levelling up and economic growth). But since the changes in commuting patterns accelerated by Covid it is evident that work location does not matter in the way that it did previously.*

*The agglomeration notion is that increasing rail capacity into major city centres (where it is currently constrained by existing infrastructure limitations) will generate significant productivity gains because GDP and GDP/capita tends to be so much higher in major city centres: all that’s needed is greater capacity for more people to be employed there. It has been said that this created the case for London’s Crossrail project, for example. But the extra capacity needed for more commuter travel into city centres may well prove to be unnecessary if office-based rail commuting volumes are permanently reduced because of the adoption of work from home practices.*

- (i) in relation to the set of responses to the consultation which is seeking the views of regional and devolved authorities
- (ii) at a GB-wide level.

### ***Assembling a strategy from a set of devolved/sub-national bodies***

*Responses on objective prioritisation at a regional/devolved nation level are unlikely to be uniform.*

*To take an example, consider the case of the South West England Peninsular (largely definable as Somerset, Devon, and Cornwall). While here, as elsewhere, each of GBRTT's draft objectives would no doubt be supported, arguably the need to provide a resilient rail service in the face of climate change would have primacy over all else. Without a resilient railway (there is only a single main line connection to the national network), all the other objectives become rather abstract. Overcoming the high level of disruption this one main line will experience from expected rising sea levels and more extreme weather events with increasing frequency and severity would be likely identified as a primary regional need from rail. Unless this objective is met, fulfilment of all GBRTT's proposed 5 objectives, would be compromised (or rendered un-meetable) for this part of the country.*

*This particular regional level of prioritisation of objectives is unlikely to be matched by other sub-national bodies. For GBRTT to reconcile differences region by region one with another might seem to be challenging but it would surely be preferable to an approach which instead merely assembled and averaged responses to objective prioritisation.*

*A strategy that had a significant element of assembling locally set priorities in a structured way would – we suggest – gain credibility and wider acceptance for the final product. It could be complemented by setting rail capital budgets region by region. Fortunately, the methodology to do so has been established in the NIC in its recent work on rail investment for the North & Midlands.*

*In summary: rail objectives may well **not** receive the same prioritisation across all regions (and devolved nations). But distinct, differing, priorities identified for rail, region by region could be powerful building blocks for a national strategy. It would be useful to show how locally-set priorities have been taken into account in setting overall policy in a structured way.*

### ***National prioritisation – across Great Britain as a whole***

*There is a risk that the pursuit of multiple objectives, potentially set differentially across the nation, however well-handled, will suffocate an attempt at providing clear leadership, and so add little in the way of value. As of January 2022, there is a sense of a policy hiatus in the rail sector to be overcome, and there is an argument that to have any worthwhile impact, a new strategy needs to be specific and targeted.*

*An alternative approach, then, is to see if a single clear over-arching and authoritative goal can be set for the rail sector. As of 2022, there perhaps is one objective that could fulfil this function.*

*It would centre on decarbonising the transport (not just rail) sector. The importance of the distinction (transport, not just rail) is that this would allow the objective to address not just decarbonisation of rail (so a priority for rail electrification, hydrogen fuel systems etc), but also stimulation of modal shift. The latter is stated to have an explicit role to play in DfT's decarbonisation strategy of summer 2021.*

*Other objectives – proving attractive and safe services to meet customer needs, for example, would be fulfilled in the wake of a single-minded pursuit of this objective. It would also naturally address levelling up (London and the South East rail network is already very largely electrified/the rest of the country isn't) and there are higher market shares of car traffic to be won over to zero-carbon rail outside the south east too.*

*Of course any strategy will need to be updatable, and second or secondary objectives could be added at a later stage as necessary. But its singular adoption in 2022 has the advantage – in comparison with the 5 objectives listed in the consultation – of being rooted in firm quantitative and so measurable long-term Government commitments, addressing the largest (and still growing) sector of the economy in terms of carbon emissions.*

*The exact wording of this strategic objective would need careful consideration. It would need some qualification such as consistency with a sustainable rail capital budget allocation. And it would need to relate to those areas where rail can make a real difference. This, we suggest, would be for within-GB transport (of both people travel and freight) of more than (say) 100km trip lengths (where alternative fuels for road-based travel are less readily available) and also for medium/longer distance travel to/across cities, where the objective would be to contribute positively to sustaining economic growth by providing sufficient rail capacity to help achieve modal transfer and city-wide net zero transport carbon emissions.*

*An approach such as this can be phrased to focus effort on rail's strengths and to offer inspirational leadership. All five of the draft GBR TT objectives, it may be noted, would in practice need to be addressed to achieve this single climate-action objective.*

**Q1c. What long-term trends in wider society, the economy, and the environment will affect these five objectives over the next 5, 10, and 30 years? Please give evidence to support your response.**

*Left intentionally blank*

**Q1d. What are the key uncertainties you consider that the Strategic Plan must be resilient to in order to be effective over the next 5, 10 and 30 years?**

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**Q1e. Over the next 5, 10 and 30 years, which steps should the sector take to improve integration of rail with the wider transport system (including walking and cycling) in pursuit of these objectives?**

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## **Question 2: Meeting customers' needs**

*Who is the customer in the post covid world?*

*Traditionally the focus has been on the commuter and business travel (particularly London and the South East, and business travel with London as destination). Latterly rail commuting into other cities has also grown.*

*Post-covid this rail industry norm may no longer hold. It should be no surprise that the rail market in the North has grown back (pre-omicron) to a greater extent than elsewhere – the rail market in the North was not so dominated by commuter and business travel pre-covid and it is the other markets that have tended to build back. The lesson seems to be greater attention to the whole range of markets – further and higher education, retail, day tourism, overnight tourism, the night-time economy, access to airports etc – which all tend to have rather different requirements.*

*And a fresh approach to modal shift is needed. It should not be viewed as a once and for all concept. The reality is the whole population is potentially an occasional or more than occasional or more frequent rail traveller. How well can rail best provide part of the end to end travel experience is more the question that needs to be addressed. This type of approach helps to embrace reaching out to peripheral areas and to achieving social inclusion.*

### **Question 3: Delivering financial sustainability**

**Where are the most significant opportunities and barriers to delivering financial sustainability in the rail sector over 5, 10, and 30 years and how do we achieve/overcome them? How can we most effectively monitor and assess this? What is a stretching yet realistic ambition for this objective and what measures can we most effectively use to consider success over the coming 5, 10 and 30 years? What are the interventions over that period which will be the maximum value for money?**

[Questionnaire Text: “The railway, accordingly, must seek to deliver infrastructure and services more efficiently, in order to maximise beneficial outcomes while balancing costs against revenue and taxpayer funding.”]

#### **A re-set is needed**

*Here we comment on the starting point for this endeavour and suggest it cannot be fudged: there is a discontinuity in demand that calls for an appropriate strategic re-set if rail finances are to avoid continuing cut-backs.*

*The structure and extent of rail services must lie within GBRRT’s remit in assessing this objective. Unless GBRRT addresses the opaque nature of the differing levels of financial support needed across the national network, service levels will have a tendency to be set at historic norm levels. Indeed, overcoming this weakness in the previous and now-abandoned franchised/privatised model was one of the top ten recommendations of the McNulty Review of 2011 that looked into how the railways can deliver cost efficiency and better value for money.*

*It will be remembered that British Rail established in its sector-led structure evolved through the 1980s a workable method of determining cost allocations to each business sector. This was the so-called prime user (later: sole user) costing model. It challenged the rail businesses to identify what infrastructure at a minimum was essential to supporting their service aspirations. It created a natural whole-railway cost-consciousness that could be set alongside revenue growth ambitions.*

*An equivalent system needs to be re-established and used in setting strategy and updates to it.*

*What would then follow is a re-specification of the benchmark in terms of service levels, route by route, service by service. In the 25-years since, the franchised model created an opportunity and incentive to grow passenger revenue while largely evading the consequences of increased infrastructure utilisation.*

*The 2019-21 train service plan was the culmination of this process. But the commercial and financial basis of the 1996-2021 period no longer applies.*

*Franchised service patterns developed over this 25-year period with the following service development characteristics, starting from inherited BR-era service plans:*

- *Short trains, operating with high frequencies*
- *Frequencies set to inhibit competitor entry*
- *Routes developed to poach revenue from other franchises under the ORCATS revenue allocation system*
- *Local services joined end-to-end, creating bigger revenue allocations and some limited ‘through’ passenger benefits but adding to network delay perturbations.*

*There were of course customer benefits from this process of on-network competition, but with minimal infrastructure cost impacts passing through to franchisee bottom lines, this is a poor model to inherit when cost-efficiency is needed. And it is a poor starting point for contemplating strategies that would evolve and improve service plans for the next 5, 10 and 25 years.*

*An early attempt to address these problems was the Network Utilisation Strategy (SRA, 2003). Circumstances change, but the need for an explicit approach to accommodating fast long distance passenger and freight services and taking a view on what forms of on-track competition as set out in that document is a model worth consideration by the GBRTT (updated of course). This will be especially needed to take into account, in a rational way, regional and local stakeholder aspirations that inevitably focus on local services.*

*Two changes are needed to ensure that financial discipline returns and rail services are specified to meet customer needs.*

### ***Cost-conscious prioritisation of services***

*The first is to undo the legal and commercial structure of the franchise era. This will take time (it needs legislation). But as the CEO of GBR has recently indicated, action is needed on an interim basis ahead of legislative change (which could take 5 years).*

*Train operating companies' key assets of value (whether franchised or open access) in the 1993 privatised model were track access rights (and any protections that surrounded them). The infrastructure manager (Railtrack and later Network Rail) had an obligation to accommodate and reconcile these rights, under the watchful eyes of the independent rail regulatory authority. When, during this era, a radical service plan (timetable) change was called for – example: the accommodation of a transformed service plan with the adoption of a high frequency Pendolino service over the busy west coast main line – it was found necessary to create a work-around to this approach, in order to reconcile passenger and freight operator 'requirements'. This was done successfully by the (short-lived) Strategic Rail Authority in 2003-5. GBRTT has to now assume a quasi-SRA role, ahead of the time when track access rights will be formally replaced with a better arrangement. Services which best meet overall passenger and freight user interest within agreed budgets need to be specified rather than those which seek to maximise franchisee/open access operator value.*

### ***Dealing with discontinuities in demand trends***

*The need for change of this type also stems from the second factor: the effect of Covid-19 on service demand. It is common-place (as of January 2022) to say that commuting patterns will shift from the steady growth of the 1996-2019 period and will in effect re-set at a lower demand level. This would reflect the adoption of work from home practices, often on a partial basis, for many previously office-bound workers. It is also commonly said that it is too hard to judge the scale of downward peak demand shift.*

*Clearly any strategy has to be adaptable, but GBRTT surely needs to be brave and set out what level of commuting service provision it wants to provide from December 2022. We suggest this should reflect a reduced level from earlier years (reflecting some of the regional differentiations noted above, and the likelihood of some counter-trend commuter demand growth in longer distance markets – Chippenham, Taunton and Newark have been top-five destinations for those home-owners leaving London, for example).*

*More generally, the presumption of the scale of benefit of high-frequency services needs to be revised downwards. The pre-digital ideal of 'forget the timetable/just turn up' is less persuasive or necessary when it is possible to track trains in real time. And if rail is to improve its service of the night-time economy, day-tourism etc regularity over longer periods of the weekday and at weekends will be required.*

*Another change to take into account is the burgeoning demand for intermodal railfreight.*

*A final crucial point. The last time there was singular control of the nation's rail services, a decision was taken to establish business sectors. In part this was seen as needed to establish financial discipline across what was otherwise a mish-mash of service offerings. In part it was also to drive a focus on meeting customer needs. It is widely regarded as successful. The question is whether it should be updated and made applicable for the GBR era. We believe it should be.*

#### **Question 4**

- a. As Britain recovers from the effects of the COVID-19 pandemic, what evidence do you have for how rail can contribute to wider economic growth over the next 5, 10, and 30 years? What is a stretching yet realistic ambition for this objective and what measures can we most effectively use to consider success over the coming 5, 10 and 30 years? What type of interventions over that period will provide maximum value for money from rail's economic contribution, and what evidence can you share to support your views?
- b. In the context of enabling development and regeneration opportunities both in the immediate vicinity of stations and within the surrounding area, how can rail best facilitate improvements to places and local growth, through improved connectivity and unlocking commercial activity, housing, and employment over the next 5, 10 and 30 years?
- c. What innovative and modernising ideas do you have which would benefit the railway while supporting the strategic objectives? Please give evidence and make reference to how they would maintain or enhance the railway's safety record.

#### **Question 5: Levelling up and connectivity**

#### **Question 6: Delivering environmental sustainability**

*Qs 4 to 6 have been left intentionally blank to avoid repetition. We cover these three questions to some degree in the earlier text about objectives and strategy-making, as well as in the short summary of Beyond HS2 (in Annex A below), our follow-on the work for UK2070 Commission and also in our work on the questions surrounding the HS2 eastern arm (see [http://www.greengauge21.net/wp-content/uploads/GG21\\_Meeting\\_Rail\\_Needs\\_Of\\_The\\_Midlands\\_And\\_North\\_A4P\\_FINAL.pdf](http://www.greengauge21.net/wp-content/uploads/GG21_Meeting_Rail_Needs_Of_The_Midlands_And_North_A4P_FINAL.pdf)).*

*We would be pleased to discuss this response (and any aspect of the approach to the Greengauge 21 reports which we highlight if that would be helpful).*

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## **Annex A: summary of Greengauge 21 recent experience in national strategic rail planning**

In May 2018 Greengauge 21 published “Beyond HS2”. This was a 10-month exercise developed by 5 experienced professionals. We presented our findings to the Rail Delivery Group, where it was received with interest, and has been widely quoted since.

Our aim was to fill a gap - the absence of a long-term plan for the nation’s railway. We sought to meet a simple but elusive objective: to make clear what rail does well in terms of meeting the major challenges facing the nation – transforming national productivity, supporting greater regional and social equity, and tackling climate change.

The process of developing a national strategic plan helped us to focus on the key choices that needed to be made and how one strategic choice links to another.

An example of the strategic choices we highlighted (and considered further in subsequent published work) is the relationship between the East Coast Main Line and HS2. This indeed subsequently proved to be a very live issue, and over three years later, remains to be resolved. It is only by looking at the network in the round that well-founded strategic choices can be made.

A set of reality factors shaped our approach to developing a long-term national plan for rail. We crystallised the implications into ten ‘smart planning’ principles:

1. Multiple strategic aims;
2. Defined objectives;
3. Rail in the context of all travel modes;
4. Thinking about the requirements of customers first, while understanding rail service commercial realities;
5. Dual perspectives, working strategically and top-down, from a long-term horizon year and starting from here/now at a route/local level;
6. Budget realism reflected in a management › upgrade › new-build logic sequence;
7. Incorporating digital technology implications;
8. Anticipating (and enhancing the prospects of) a positive economic trajectory;
9. Social equity and environmental responsibilities;
10. The need for flexibility in long term strategy.

These principles are not listed in a rank order of importance; they all applied. And reflecting the last principle, we developed our strategy not with an end-state in mind but as the basis of a blueprint for debate and an ongoing process, with review and revision a key part of it. This included keeping under review even the traditional analytical starting points of aims and objectives.

The strategy that emerged was the result of a set of strategic choices, informed by the evidence from a rich volume of studies (referenced in Beyond HS2). Unconstrained from a focus on a specific region or corridor, we were able to look in greater depth at the policy drivers; consider customer needs and train service arrangements before contemplating infrastructure needs; and then look carefully at candidate investment projects and (crucially) the interactions between them.

It went beyond a strategy (which can be usefully defined as a set of objectives and a proposed way of meeting them), and articulated a strategic **plan** of the type we would expect an arms-length body such as GBRTT to prepare (that is: rather than being restricted to the policy prescriptions which are the rightful domain of DfT and its Ministers).

As for any business, plans need to be made the subject of ongoing revision as fresh information emerges, as priorities shift. While flexibility is needed, so too are the inescapable choices that have to be made sooner or later (and not simply put off) as assets need replacement and updating. Part of the task was to identify these key choices.

To continue describing the ‘Beyond HS2’ approach in brief: in Chapter 1 we introduced a set of smart planning principles.

In chapters 2, 3 and 4 we considered national and regional policy imperatives, market trends and passenger requirements, as well as those of freight. Concerns over capacity, connectivity, productivity, regional economic disparities, social inclusion and health inequalities, international trade, carbon reduction and air quality, reliability, resilience, and reduced safety risks all drove the design of a long-term rail strategy for Britain. One revealing piece of new work examined the productivity and social inclusion scores of the economic sub regions of Britain and how well each of these sub-regions were connected by rail to Britain’s major cities.

From these starting points, we set out to:

- frame a national strategy (chapter 5);
- examine HS2 corridors, the services that would run on HS2 and the opportunities created on parallel lines (see chapter 6);
- study the rail services and developments needed in the regions and devolved nations across Britain (see chapters 7 and 8);
- consider what should be done to re-connect places left behind, where it became obvious that it was essential to consider public transport in the round, not just rail (in chapter 9)
- and in chapter 10 we pulled together our conclusions.