



Rail in the North:
Stepping Stones to a rebalanced Britain
Prepared for Campaign For Better Transport, November 2014.

The Invitation to Tender for the new Northern Rail franchise is expected imminently. It needs to set the tone for all-round improvement and decisively reject the ‘minimum cost’ approach to the North’s railways taken by DfT and its predecessors. It comes at an exciting time for railways in the North.

Government has endorsed the long term strategy for the North’s railways contained in the One North proposition of July 2014 that seeks to transform connectivity in the North to help ‘rebalance Britain’. This signifies a strategic direction centred on growth.

So the challenge is to define the ‘stepping stones’ needed between now and the 2020s – when major new investment comes on stream – and to get them firmly committed as an integral part of the new Northern franchise.

Investing to grow revenue over the next decade

Rebalancing Britain needs to start now, but there is a risk of a continuing ‘us and them’ approach, south and north. Very welcome is the statement by the Prime Minister on November 7th:

“In terms of Northern Rail I understand the concerns about the franchise. We all want to see Pacers go, and bidders for the Northern franchise will be required to propose plans for the removal of Pacers when they submit their bids in 2015. Those trains are going; there will be a progressive upgrade of trains right across the system.”

But of continuing concern is a mistaken belief that the economics of the North’s railways are an unstoppable drain on the Exchequer. So the Prime Minister added to his welcome announcement that the aged and inadequate Pacer trains were to be phased out in the North, saying that such improvements will come at a cost “everyone has to share” and that “Northern Rail is the most heavily subsidised train company”. That sounds ominously like an expectation that fares will have to rise in real terms to pay for Pacer replacement.

When belatedly a major part of the South’s train fleet came due for replacement 15 years ago (the southern region Mark I fleet), the total costs were far higher than those needed to replace the Pacers and led to a major re-electrification programme too, yet there was no thought given to asking southern commuters to pay higher fares for the new air conditioned trains provided.

The belief that Northern Rail is the most heavily subsidised franchise is based on shaky economics. The allocation of track costs between differing train operators has been shown in recent economic work by PTEG massively to disadvantage the local train operator across the Northern rail network. The reality, ironically, is that the Northern Rail franchise is actually cross-subsidising other train operations.

Rather than think of adding to the recently imposed off-peak fares restrictions that now uniquely in the North mean that cheap travel in the evenings is typically ruled out – an approach that will drive away demand – it is time to specify and fashion the next Northern franchise to expand travel markets that have been growing strongly. Overall northern demand increased by two-thirds between 2002 and 2012, whilst commuter travel into Leeds and Huddersfield (for example) has increased by 150% over the past decade and that into Bolton and Sheffield has almost doubled.

The best way to improve Northern's franchise economics is to generate revenue by providing services better suited to today's travel market rather continuing to pare the franchise down by ever deeper, and ultimately self-defeating, cost efficiencies in the way that has been tried over the past 40 years. The legacy of 40 years of 'lowest cost provision' is holding back the development of the North's economies, particularly of its major cities.

Why a policy change is needed

DfT needs to acknowledge the need to invest in the future Northern franchise to adapt it to today's growing rail travel market rather than let a 'steady state' franchise as was done in 2005.

There are three primary reasons for this:

1. government needs to recognise that it is already ploughing in substantial infrastructure investment through the Northern Hub and electrification schemes, so a better train service is needed to generate the benefits these schemes were designed to deliver
2. the Northern Franchise has had an ongoing programme of cost reductions going back nearly 40 years, including use of lighter weight diesel trains, de-staffing of stations, removal of station buildings, and has not shared in the general renewal programmes of the south (passenger information systems, station renewals, air conditioned trains, extra capacity)

3. growth has been strong on rail corridors into growing city centres where new jobs in the knowledge based industries are concentrated. Unless investment is made to expand services and the quality of services in these corridors, the economic growth ambitions of the cities concerned – and of Government – will be frustrated.

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Northern Rail as a stepping stone to the network of the future

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Government is already engaged in a major infrastructure programme in the North, largely centred around electrification in the North West and across the Pennines, the Northern Hub and expansion of Manchester Metrolink and Sheffield Supertram. The new franchise must be set up from the start to fully develop the opportunities that these schemes provide to provide better services and increase passenger volumes, both in the 'strategic' and local networks. In particular, this means having a large enough, high quality, rolling stock fleet so that services are attractive and do not immediately suffer from overcrowding.

The centres of many major Northern cities, notably Liverpool, Manchester and Leeds, have benefited from major regeneration initiatives which has led to a marked growth in retail and leisure opportunities and in city centre employment. It is now recognised that the city centre stations will need major works (most notably in the case of Leeds) because otherwise they will suffer serious over-crowding. The risk is a rail network that is not matching the standards expected by today's modern European cities.

Although it is true that the North's rail systems have seen some improvement over the past decade, the pace needs to be dramatically increased not just to deliver modern standards but to catch up with reasonable passenger expectations.

The new franchise will need about 150 new vehicles over the next seven years to help provide capacity and improve travelling conditions. Most of the existing fleet of about 800 vehicles – the average age of which is 24 years – need to be refurbished or replaced with an emphasis on better interiors, reducing noise levels, retro-fitting traction equipment or diesel engines that offer reduced carbon emissions. As Transport Minister Claire Perry told a conference on November 5th in Birmingham, franchise bidders in the North will need to be thinking about how they can procure new diesel multiple units that are compliant with the EU standards on emissions in order to improve air quality. The past presumption that progressive route electrification will obviate the need for substantial numbers of new diesels has been rightly discarded.

The travel to work area of the North's cities is expanding, but the current service patterns don't reflect this (eg. Burnley and Blackburn to Manchester). Consequently, they need to be recast to increase accessibility beyond PTE boundaries while maintaining services within them.

Northern Rail in synergy with a regional InterCity network

The opportunity also exists now to develop a clear 'regional InterCity' network of services for the North and Midlands that could be marketed as a frequent and high quality option for journeys between key cities, with quality connections to intercity services to London. Key elements of this are already there through today's TransPennine Express (TPE) and CrossCountry networks. But to these should be added:

- the Calder Valley route to better link Blackpool, Preston, Blackburn and Rochdale with Halifax, Bradford, Leeds and York
- the Northern end of the Midland Main Line to offer faster links from Nottingham to Sheffield, Leeds and Manchester, and
- existing, but not widely appreciated, fast electric services between Birmingham and Liverpool/Manchester.

This would generate extra revenue and build on the success the current TPE franchise has had in growing volumes by using modern trains and marketing approaches.

Development and promotion of a clear 'Express Network for the North', as called for in Rail North's Long Term Rail Strategy, would help convince the market that rail was a good option for interurban travel right across the region rather than just on a few corridors.

Devolution is essential, not a 'nice to have'

Rail improvements can no longer be planned centrally by DfT but need to be fully integrated into regional and local plans. This point has been recognised by Sir David Higgins in his recent report 'Rebalancing Britain' and is arguably at least as important – because of the need to integrate with other regional development plans – to the stepping stone period between now and 2020 as it is to later on when major new infrastructure including HS2 will come on stream.

The formation of Rail North shows that the main local authorities, city regions and ITAs can successfully set aside political and geographic differences and work together and take responsibility for planning at a regional, not just a city, level. This is a hugely important step, unprecedented in the almost half century since Barbara Castle created the PTEs to be champions of local public transport in regional cities. The advent of Rail North and One North shows that local partners can successfully set aside their

differences and form a broader compact to rise to this challenge and provide a clear set of messages to Whitehall. This trend should be encouraged as it helps link together all of the elements of regional development together, rather than rail and strategic road transport being essentially a Whitehall fiefdom, planned separately from other vital areas such as fostering successful economic clusters, housing policy and land-use planning.

Rail provision is now, in many EU states, a partnership between regional and national authorities and the UK is increasingly unusual in retaining such a large proportion of rail responsibility, including service specification for the North, in the centre. The trend of regional partners working under the Rail North umbrella should be encouraged as it is one of the stepping stones to the formation of an entity able to take full responsibility for specification and financing of public transport provision, as TfL and Transport Scotland very successfully do in their respective areas.

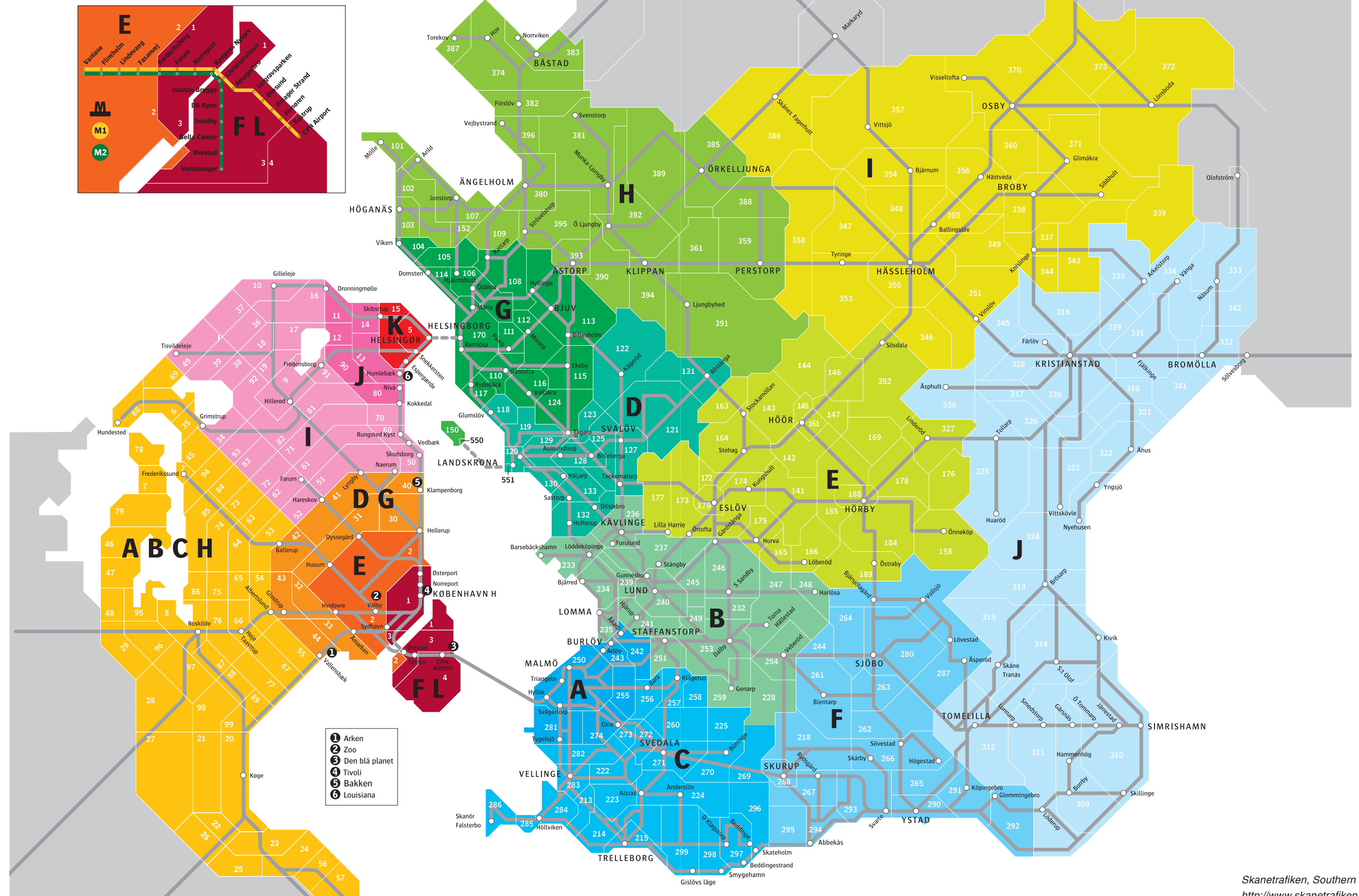
Devolution doesn't stop there. Community Rail Partnerships (CRPs) play a particularly important role in Northern by promoting rural and less heavily used services and providing a very direct way for the community to get involved in building a better railway. The new franchise should be set up to encourage more partnerships to form and bidders should be asked to propose a ring-fenced fund to help support the CRPs by reinstating the network of paid-for co-ordinators that was built up when CRPs were first created.

A user friendly payment system

The current fares system is a hodge-podge of different policies and approaches, which leads to considerable variation across the region and is not widely understood. The opportunity exists to develop a clearer fares structure by requiring, through their franchise agreements, Northern, TPE and East Midlands to work together to create an integrated structure that could be applied to all journeys within the region and, over time, implemented using a smartcard approach as is the case in London. The opportunity of a zonal system, to radically simplify the offer to passengers, should seriously be considered as part of this.

It can be done, and the existence of historical boundaries (across PTE areas, between different franchises) cannot be used as a reason not to make the changes needed. After all, a simple zonal structure already exists, across national boundaries (Denmark and Southern Sweden)!

Zonal fares across boundaries: the Denmark/South Sweden example



Appraisal needs to reflect the big picture on economic growth

DfT's appraisal approach is slowly being adapted, but the pace needs to quicken. The current approach does not admit of wider policy agendas such as the national rebalancing that is part of government policy. While some attempts have been made to assess GVA/employment impacts of major transport investment, there is a need now to recognise that the smaller stepping stone developments and investments that are needed for the Northern franchise, when added together, will bring an appreciable contribution to wider strategic economic aims, particularly rebalancing of the economy. It is the gains that will flow from realisation of strategic goals as much as the incremental savings of time by rail passengers that need to be progressively made the core of DfT's appraisal work.

Conclusion

The exciting vision for the railway of twenty years' time must not distract from the need to include in the new Northern franchise important stepping stones towards that goal. Another 'minimum cost' franchise would jeopardise the future that Government, HS2 Ltd, One North and Rail North are all planning for. The need to devolve planning, modernise rolling stock, improve stations and reform fares are all pressing.

Table: The Stepping Stones to a rail network ready to realise the benefits that flow from HS2 and the One North Strategy

What	Who	When
Franchise-wide strategy for passenger information provision, including better information screens	Future Northern franchisee	2016
New fares system, offering simplicity, removing barriers to travel	DfT, working with Rail North	2016
Introduction of new DfT appraisal guidance that expressly builds in consequences for economic growth of transformational schemes	DfT	2017
Recast of suburban services North and West of Manchester and Harrogate line in Leeds to provide more seats with longer and more frequent trains	Network Rail, Rail North and Northern franchisee	2017
Launch of a new InterCity network for the North and Midlands, incorporating TPE plus routes from CrossCountry and East Midlands	DfT and Rail North	2018
Reallocation of track access charges to reflect Northern's actual costs	ORR and NR	April 2019
Regional smartcard system progressively introduced	Future Northern franchisee	From May 2019
All Pacers to be replaced and any remaining Class 150/1s to be completely renovated	Future Northern franchisee; ROSCOs	December 2019
Region-wide upgrade of stations and station facilities	NR and future Northern franchisee, including TPE	By 2020
Completion of TPE and MML electrifications, including potential introduction of new fleet for TPE	NR, DfT and Rail North	2020



Campaign for Better Transport is the UK's leading authority on sustainable transport. We champion transport solutions that improve people's lives and reduce environmental damage. Our campaigns push innovative, practical policies at local and national levels. Campaign for Better Transport Charitable Trust is a registered charity (1101929).

Greengauge 21 is a not-for-profit company limited by guarantee. The company was founded by Jim Steer, one of the UK's leading transport sector specialists. The organisation has been conceived as an umbrella under which all those with an interest in a high speed rail network can come together and openly and publicly debate the merits of alternative routes, priorities and technologies, alternative implementation strategies and the economic and environmental benefits for Britain.