

Media briefing ahead of the next week's publication of the Government's rail strategy (or High Level Output Specification)

Next week the Government will publish its rail strategy, which goes by the bureaucratic name of the High Level Output Specification (HLOS). Whilst we welcome more investment in rail, massive fares increases shouldn't be used to pay for it. This briefing sets out what is likely to be in it and what to look for.

Context

Rail use is booming, and has continued to grow through the recession, for both passengers and freight. The number of people using trains is now at levels not seen since the 1920s, on a smaller network. Freight traffic is also growing with new services from ports, supermarket traffic and household names such as Eddie Stobart running trains as well as lorries. In some areas rail faces big capacity problem with crowded trains, tracks and stations that are full and demand still growing. Some rural branch lines that were proposed for closure years ago are now seeing record growth and use overcrowded trains.

What is being published?

Since privatisation, the rail industry is regulated through five year 'control periods'. Currently we are in Control Period 4, which runs 2009-14. In advance of the next control period, (CP5 2014-19) the Government has to say what outputs it wants from the rail industry during that time. This High Level Output Specification (HLOS), due to be published next week, is required by law and is accompanied a Statement of Funds Available (SOFA), which says how much the Government wants to spend on these outputs. The Office of Rail Regulation then takes these statements and negotiates with the rail industry, especially Network Rail, to get it to price these outputs within the funding limit.

What will be in the HLOS?

Lots of rail investment we are told. The Government sees infrastructure as a way of boosting the economy and creating growth, and the railways are part of this. Consequently, we expect significant investment including:

- New rail electrification, including of the Midland Main Line from London to the East Midlands and Sheffield, and probably the local lines in the Welsh Valleys. Already announced electrification between Manchester and Leeds may also be extended
- The Northern Hub: a series of projects around Manchester that improve northern rail capacity so as to get more and faster trains across the North of England
- Upgrades to the East Coast Line from London to Leeds and Newcastle
- Railfreight investment including to ports such as Southampton and Felixstowe

- New or reopened lines: the Government has already announced it wants a new line into Heathrow from the west and is also likely to confirm the reopening of the East-West link from Oxford and Aylesbury to Milton Keynes. There may also be funds for local authorities to bid for new/reopened stations and possibly lines. We called for the Government to establish a specific fund and strategy for reopenings in our recent report, [Railway Reopenings - the case for growing the rail network and how it can be achieved](#)
- Upgraded stations: funds for redeveloping and upgrading stations and improving accessibility are likely to be made available
- Smaller scale upgrades: reinstating tracks and platforms removed in the past, re-signalling and flyovers to replace junctions

The statement will also include funds to finish projects already started, such as Crossrail and Thameslink in London and electrification of the lines from London to Bristol and Cardiff, and from Manchester to Liverpool, Blackpool and Leeds.

The statement will respond to the [Initial Industry Plans](#), drawn up by the different parts of the rail industry, which lists suggested investment, though it in fact goes beyond what the industry asked for.

The mouth of the gift horse

The HLOS will produce some great rail investment plans, which will be widely welcomed by many groups including Campaign for Better Transport which co-ordinated [a letter to the Chancellor asking for continued rail investment](#). However, the statement will raise a number of questions:

- **Who pays?** This is the big question. The Government is already committed to increases in rail fares of RPI+3% over the next two years, though is under pressure to reduce this (including from our [Fair Fares Now](#) campaign). So what the statement says about fares will be important. As we have pointed out, passengers already pay an increasing share of the rail industry income, on course for 75 per cent by 2014. Some of the areas with most rail commuters are suburban marginal seats, so increased fares may cause political pain too
- **Who benefits?** The Government has been under pressure over the Thameslink trains contract going to Siemens (German jobs) rather than Bombardier (with factories in Derby), and the statement may want to comment on using rail investment to promote UK jobs
- **How does this affect the case for High Speed 2?** On the whole, the statement will have little effect because HS2 isn't due to come in until 2026. But the Government may say that this shows that HS2 is as well as, not instead of investment in the current rail network and some of the measures HS2 opponents have been calling for may be included
- **What's the cost?** The total package is estimated by the rail industry to cost £9bn. Some of this will be borrowed by Network Rail, some will be direct Government funding, and some will be via rail franchises, many of which are due for re-letting soon. The Government will try to cut this cost by demanding efficiencies, better procurement and alliances between train operators and Network Rail.

Conclusion

Whilst we welcome more investment in rail, massive fares increases shouldn't be used to pay for it. We are also concerned that any rail investment is likely to come alongside increased funding for roads and road schemes, including a possible toll road on the A14 near Cambridge which will simply add to congestion around Cambridge. This is self-defeating and some possible schemes, such as a road widening round Stonehenge, will be very damaging. A coherent transport policy, as opposed to a list of schemes, looks further away than ever.

For further information please contact Alice Ridley, press officer at Campaign for Better Transport, on 020 7566 6483/07984 773 468 or alice.ridley@bettertransport.org.uk