

Stepping stones to a rebalanced Britain

Campaign for Better Transport summary of report

Introduction

This document is Campaign for Better Transport's summary of the main arguments set out in the 'Stepping stones to a rebalanced Britain' report. The report was commissioned by Campaign for Better Transport and written by independent research group Greengauge 21.

There is widespread agreement that rail needs to improve to help bridge the north south divide. The refranchising of Northern Rail and TransPennine Express is key in this. An important stage has now been reached with the Department for Transport about to publish Invitations to Tender (ITT) for the two franchises. These ITTs must set the tone for service improvement and reject the 'minimum cost' approach to Northern Rail taken in the past.

The aim of this report is to define the 'stepping stones' needed between now and the 2020s – when major new rail investment comes on stream – steps that should form an integral part of the new Northern franchise.

Why the north's rail services need investment now

1. The Northern franchise is unfairly represented in national policy-making:

- The franchise has not had the renewal and upgrade programmes of the south. Instead it has experienced ongoing cost cutting going back nearly 40 years, including widespread use of diesel Pacers trains, de-staffing of stations, and removal of station buildings
- The belief that Northern Rail is the most heavily subsidised franchise is based on shaky economics. Its relatively high subsidy is simply a direct consequence of the large geographic area it serves, the complex nature of its network (with no single 'hub' network to operate) and the fact that, with shorter trains, its revenue per train is lower than the national average. The higher earning intercity network in the North (TPE) was separated out when the franchise was created a decade ago.
- 87 per cent of the Northern Rail fleet of about 800 vehicles need to be refurbished or replaced by 2020. The highest priority is the Pacer railbus which does not comply with European standards for accessible trains and requires adaptation or replacement by 2020.
- The Prime Minister has said the cost of replacing outdated rolling stock is one "everyone has to share", suggesting Northern's fares will be raised to pay for improved trains. This approach has not been applied elsewhere. When a major part of the South's train fleet came due for replacement 15 years ago, 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 at that time to asking southern commuters to pay higher fares for the new air conditioned trains provided.

- It is widely believed by policy-makers that rail fares in the North, particularly for the Northern franchise in PTE areas, are low compared with around London. Comparing a range of fares into Leeds, Manchester and Sheffield with those into London found that fares in the North are generally lower per mile than in the south east. However, if regional differences in income levels are taken into account, fares are between seven and 30 per cent higher for routes outside London

2. Investment now would make the most of other spending already committed:

The 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 for which Government, HS2 Ltd, One North, Rail North and now Transport for the North are all planning.
 - 1 Investment is needed to make sure the full benefits are felt of projects including the Northern Hub, electrification schemes and other schemes due to come on stream in the 2020s
 - 2 In considering the case for investment, the current approach to appraisal is too narrow. It does not acknowledge the wider Government policy agenda of national economic rebalancing.
 - 3 Investments in the Northern franchise would, when added together, bring an appreciable contribution to wider strategic economic aims and need to be reflected in DfT's appraisals of franchise value.
 - 4 Policies, such as those on Gross Value Added, skills, employment, sustainability and regeneration are heavily inter-connected. The appraisal approach needs to acknowledge that actions funded by DfT also help support objectives held by other Government Departments.

3. There is a pressing need to redress the historic lack of investment:

To achieve the necessary improvements in the north's rail network, the Department for Transport needs to set aside financial resources and commit to reform:

- Funding is needed to replace the Pacers, which will inevitably add to the cost of service provision. There is also an argument that it may be sensible to retain some Pacers, upgraded to meet accessibility standards. This should be limited to occasional strengthening and trialling expansion of services, noting that much of Northern still has very limited Sunday services or, on some routes, none at all.
- The opportunity exists to develop a clear 'regional InterCity' network of services for the North that could be marketed as a frequent and high quality option for journeys between key cities, with quality connections to intercity services to London and elsewhere. This would generate extra revenue and build on the success that the current TPE franchise has had in growing volumes by using modern trains and marketing approaches.
- Commitment to electrification must be maintained. The level of electrification of the UK rail network has long lagged behind other European railways. Currently just 13 per cent of the Northern fleet are electric trains, the rest being diesels. Priorities and sequencing might include the need for new diesels or hybrid power vehicles. It is likely as well to entail major rebuilds at the larger stations simply to accommodate increases in passenger throughput. Decisions on these matters are best taken with strong local input.
- The current fares system in the North is a hodgepodge of different policies and approaches, which leads to considerable variation and is not widely understood by passengers. The new franchise is a good opportunity to recast the fares structure in the North (in principle, all fares set by Northern and TransPennine) with the following objectives:
 - Introduce a zonal structure. This simplified approach to fares has increased patronage and customer satisfaction in London, and has been successfully implemented on wide geographic areas such as the Malmo-Copenhagen region, where the resulting fares

structure can be easily understood and marketed, and offers a uniform system of discounts for commuters, younger people and senior citizens

- Introduce greater consistency, with journeys of similar lengths having similar fares, removing any concerns that one part of the North is benefiting at the expense of another
- Create a clear and demonstrably fair basis for market segmentation (e.g. workday peak, off-peak, advance purchase, railcards, group size, social discounts), and move away from the controversial and counterproductive evening peak tickets currently in place
- Through their franchise agreements, Northern, TPE and East Midlands should be required to work together to create an integrated fares structure that could be applied to all journeys across the North and, over time, implemented using a smartcard as in London and PTEs/Combined Authorities in the North.

4. Investment would be strategic in supporting growth in the north's core cities:

The combination of rolling stock age and quality is a peculiarly northern issue and impacts on the credibility of rail's role in supporting the growth of the North's cities:

1. Almost two-thirds of the north's gross value added contribution to the economy is created by the five city regions of Liverpool, Manchester, Sheffield, Leeds and Newcastle.
 - Growth has been strong on rail corridors into the city centres where new jobs in the knowledge based industries are concentrated. Unless investment is made to expand and improve services in these corridors, economic growth ambitions will be retrained
 - Without action, crowding on services is due to increase. For example, almost a quarter of trains currently coming into Manchester in the morning 'high peak' hour (0800 to 0900) are overcrowded
 - Capacity improvements help increase the labour market pool available to employers in the Northern city centres.
 - Modern rolling stock can offer a better alternative and journey reliability to car commuters, thereby also reducing road congestion
 - While Liverpool, Manchester and Leeds, have benefited from major regeneration initiatives, the risk is a rail network that is not matching the standards expected in today's modern European cities.
 - Far more control of the north's rail network should be devolved. 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, at 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 Transport for London and Transport Scotland very successfully do.

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Campaign for Better Transport's vision is a country where communities have affordable transport that improves quality of life and protects the environment. Achieving our vision requires substantial changes to UK transport policy which we aim to achieve by providing well-researched, practical solutions that gain support from both decision-makers and the public.

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