Campaign for Better Transport

North of England rail services: Busting the myths

Campaign for Better Transport briefing

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Introduction

Rail is undergoing a renaissance. According to the Office for Rail Regulation, upwards of 1.6bn journeys are now made on Britain's railways - more than double the number of 20 years ago.

In northern England, passenger numbers are up nearly 50 per cent in the last decade, and there is good reason to predict faster growth to come. Investment in rail is being put at the heart of efforts to re-balance the economy away from London; supporting communities and attracting investment to the north.

Against this backdrop, plans are being drawn up for the north of England's two main rail franchises - Northern Rail and TransPennine Express. Both are due to begin in early 2016 and the Department for Transport is consulting on what those new franchises should look like.

But rather than a plan for growth and investment, the Department for Transport consultation talks of trade-offs and doing more with less. This could result in a strategy which focuses on cuts to some services and increasing fares.

At the heart of the debate are myths about the north's rail network.

This myth-buster sets the record straight on why the north's rail services should be the target of investment. It challenges the view that northern services are highly subsidised and under-used, and that passenger growth in the north lags behind other parts of the country.

It also highlights the absence of firm plans to invest in vital infrastructure such as new trains, and incoherence in proposals to cut services in some places in order to improve services elsewhere.

The communities and economy of the north will only get the rail network they need with bold targets for growth supported by an on-going investment strategy. This needs to be at the heart of the new franchises for Northern Rail and TransPennine Express.

Myth 1

Transformational investment is planned for the north's railways

The myth: Politicians, local authorities, passenger groups and businesses are increasingly clear that the north of England's rail network is not fit for purpose and needs investment. Some good projects are planned, yet the Department for Transport's consultation on Northern Rail and TransPennine Express franchises lacks the ambition to transform services and could even lead to cuts and higher fares across large areas of northern England.

The Chancellor of the Exchequer, senior Department for Transport advisors and city authorities are among those to make the case for big investment in the north's rail network to stop outdated trains, crumbling stations and slow, infrequent rail services disadvantaging communities and holding back the region's economy. Progress is being made through the Northern Hub and some electrification schemes. Despite this, there is still no coherent plan of investment despite statements by the Chancellor and the ambitions of local authorities.

The railways in the north are busier than they have been for 50 years but there are major problems with services, track, trains and stations. Decades of underinvestment mean that passengers face a much poorer quality service than other parts of the country. Future plans for high speed rail are welcome, but there is a massive backlog of repairs and upgrades to the nuts and bolts of the network, and an urgent need to improve the passenger experience to bring it up to modern expectations.

The Chancellor's ambitions and the potential for future expansion make substantial investment not only justified but essential. Local Authorities working under the Rail North banner have produced a detailed strategy setting out the improvements needed. The Right Track North Charter has been signed by over 20 organisations representing passengers, business and environmental interests. This calls on Government to commit to investing in the north of England's rail capacity in the franchise:

- New trains to tackle overcrowding and a programme to replace decrepit 30-year old diesel Pacers trains along with upgrades to other ageing rolling stock
- Basic facilities like covered waiting areas, real time information and help points at all stations
- Flexible season tickets so part-time workers can use the train to get to work
- Better connections through electrification, links to HS2 and line re-openings to improve journey times and reliability
- A "Northern Hub 2" around West Yorkshire to meet the needs of passengers and of rail freight, which is important for the region's economy.
- Smart ticketing like London's Oyster Card to be rolled out across the network
- Integrate rail with other transport options so buses, trams, cycles and rail can offer door to door journeys
- Extensions to the limited existing electrification plans to ensure large communities such as Hull, Middlesbrough and Bradford remain fully integrated with the rail network

Myth 2

The north's railways are heavily subsidised

The myth: The Department for Transport states Northern Rail receives the highest subsidy per passenger of any franchise. It proposes new measures to reduce the support it receives as part of the refranchising.

The level of subsidy cited by the Department is misleading and over-estimates the true cost of running the Northern Rail franchise. A more accurate measure is needed to judge the value for money given by services across the north of England and pattern, quality and extent of future services.

Subsidies are calculated in pence per passenger mile (pppm). Northern Rail currently receives 53pppm, and TransPennine Express 4pppm. More than half of the 53pppm figure consists of payment to Network Rail for maintenance to rails, signalling and other infrastructure (a total of 29pppm). This figure is beyond Northern Rail's control and is calculated in a way which penalises the franchise for the unusual way northern franchises are constructed.

First, 29pppm is an average figure taken across a number of franchises and service types which bear little relation to each other. For example, a Northern Rail two car Pacer train with a top speed of 75mph travelling on a rural branch line is effectively allocated the same cost per mile as an 11 car Virgin Pendolino train on the four track, electrified West Coast mainline travelling at 125 mph.

Second, the most profitable services in the north are routes between the main cities, and these form the Trans-Pennine Express network. This is highly unusual and there are strong arguments for combining Northern Rail and TransPennine Express franchises. A large proportion of journeys in the region involve connections between Northern and Trans Pennine services and uniform ticketing, timetabling, through services and operational benefits through sharing staff and resources would all be possible. Other rural regions such as the East of England and the South West have large, diverse franchises which include main line services from the main cities and some suburban services together with rural branch lines.

Third, Northern Rail's rural services have been found to offer good value for money. All services in rural areas have higher costs – for example, postal deliveries, health provision, and education. For railways, it has been accepted since the 1968 transport act that an element of social subsidy should be provided on such rural lines. Northern Rail's extensive rural services were reviewed in 2006 at the start of the last franchise and found to be giving good value for money. It is unclear why this view would have changed, especially as since that time the growth in passengers means the services are even more efficient.

The consultation gives the incorrect impression that Northern Rail operations are more costly than other similar franchises and give poor value for money. This is not the case and should not be used as justification for worsening services or withholding much needed investment.

A more meaningful comparison with other franchises can be achieved by combining Northern Rail and TransPennine Express figures and discounting the Network Rail contribution. This gives a subsidy figure of 15.4pppm, comparing favourably with Scotrail (17.3pppm) and Arriva Trains Wales (19.6pppm). It is also worth noting that the latter two franchises are rural and are receiving substantial investment in electrification, rolling stock replacement and service improvement.

Myth 3

Service cuts and fare increases will pay for other improvements

The myth: The Department for Transport's consultation argues that investment in services requires trade-offs. Chief among these are proposals to reduce services at lightly used stations, increase fares which are perceived as being too low, and to change staffing at some stations.

Northern Rail is a growing railway and its future strategy should focus on attracting more passengers. Cutting services and increasing fares will not result in significant savings. Worse, they could be highly counterproductive, worsening services and weakening the network.

The consultation’s proposal to cut services and station stops to help fund investment on other parts of the network could lead to a spiral of decline. By cutting less profitable services, fixed overheads are spread over fewer passengers and less revenue. The result is that the next band of services then appears to be less profitable, creating a spiral of decline. There is also a network effect, where cuts on the periphery lead to loss of business on the trunk routes which the branch lines feed into. Reducing the number of places served by the network would increase the number of people for whom rail travel would become something they would never consider.

The consultation states that no stations are to be closed but does suggest reducing some services (see Myth 6 low-use stations for more detail). This would worsen services while doing nothing to reduce the much more significant fixed costs of maintaining stations and lines. Similarly, reducing ticket office facilities would achieve minimal cost savings but could weaken customer service and make the railway less attractive.

The Department for Transport consultation suggests some fares in Greater Manchester and Leeds are too low and need to be raised to raise revenue. But these low fares are part of a deliberate local planning policy, supported by Independent Transport Authorities. This has led to high growth in these services, absorbed largely within existing resources and giving enormous benefits in terms of reduced road congestion, improved access to employment (which is increasingly concentrated in urban centres such as Leeds and Manchester), and contribution towards pollution and carbon targets. Increasing these fares is likely to lead to some of these benefits being lost while probably making only a small difference to revenue. London is able to set its ticketing policy to help address congestion, high house prices and other issues. Why can’t northern cities do the same?

Even without efforts to increase passenger numbers, much better alternatives are available to make savings. Northern Rail has significant problems with fare dodging. Introducing more ticket machines, ticket barriers at more stations, comprehensive regional smart ticketing (as proposed for London and the South East), a penalty fares regime, and additional sets of door controls on trains to make it easier for conductors to collect fares would all increase revenue.

Network Rail's costs make up more than half the subsidy currently needed by Northern Rail (see Myth 2). The McNulty Review identified this as a key area where savings could be made. For example, investing in new signalling technology on rural routes would increase efficiency, allow for faster services and reduce maintenance costs.

Myth 4

Rail travel in the north is slow-growing

The myth: Despite strong evidence to contrary, Government does not think that rail travel in the north of England is capable of strong, sustained growth.

Across the country, the number of people using the trains has increased year-on-year for the last two decades. Passenger numbers have more than doubled since 1995/96. Apparently ignoring this huge ongoing growth, the current Northern Rail franchise was let in 2004 on the expectation of 'zero growth'. This was accompanied by no investment plans for new trains, despite the already creaking nature of the franchise's rolling stock.

Despite the lack of investment, train use in the north has continued to grow. Since 2004, the current Northern Rail franchise has seen passenger numbers increase by nearly 50 per cent – meaning over 30m more journeys a year in just 10 years.

Rather than learning from past failings in its forecasting, Department for Transport seems hell-bent on repeating them. For the coming franchise, Government's plans for Northern Rail between 2016 and 2023 are based on passenger numbers growing by just 2.5 per cent. This number is at the low end of industry projections and is well below the 8-year trend of 3.6 per cent which has been achieved during a period of economic turbulence.

Not all of Government agrees with the Department for Transport's proposed strategy of 'expect little - invest little'. This can be seen in the Chancellor of the Exchequer's personal support for One North, which makes rail investment the backbone of future prosperity across the north of England.

It should be a goal for the franchise to grow passenger numbers, meet untapped demand and take traffic off the road. Significant growth has been achieved despite strategic weaknesses in rolling stock. Rail's current share of journeys (3.7 per cent) is well below the national average (4.2 per cent). There needs to be investment in new trains, station improvements, better service frequencies on routes with the strongest potential for growth (for example, see Harrogate - Knaresborough - York service).

This would all make Northern Rail a stronger financial proposition. By planning to do this, the resulting growth would lead to increased passenger miles, and also increased revenue – some of which will come at no extra marginal cost, by simply filling existing capacity more fully. This would create a virtuous spiral benefiting the taxpayers as well as the passengers, the northern economy and the northern community generally.

Increasing this share would bring benefits in terms of reductions in congestion, pollution and carbon emissions, as well as economic aggregation and better access to employment.

Myth 5

There’s a plan to replace the Pacers

The myth: The Department for Transport consultation on Northern Rail and TransPennine Express recognises that 30 year old diesel Pacer trains are the source of great dissatisfaction among Northern Rail passengers and that they are unsuitable for modern train travel. But the document deliberately ducks a decision on when or even if the Pacers and other poor quality rolling stock will be replaced.

There is a broad consensus that two-carriage diesel Pacers dating from the mid-1980s need urgently to be phased out. Dissatisfaction with poor quality trains features prominently in Passenger Focus surveys of Northern Rail. Senior members of the Government and Opposition, top DfT civil servants and local authorities all agree that these slow, uncomfortable and outdated trains need to be retired from service as soon as possible.

There are over 90 Pacers still in operation, comprising a third of the Northern Rail fleet. These are noisy and draughty, with poor riding, especially on the lower quality rural track on which they are frequently used. Their poor adhesion delays services in autumn and winter because of slow acceleration and the need to brake early for station stops. When used on peak time services such as the Calder Valley line they suffer from low seating capacity and slow loading because of their low number of doors (3 per 2 car train). They have unsafe bus-style doors and a dangerous step well that is a hazard to people boarding and alighting, particularly with pushchairs. In sum, Pacers are hated by many passengers, unsuitable for modern rail travel and their continuing operation puts many potential passengers off using the railway.

The cost of rolling stock is a small proportion of the total cost of the railway. The poor quality of Northern Rail trains is seen by many as ‘spoiling the ship for a halfpence of tar’. Yet the Prospectus does not commit the future franchise to removing Pacers from service. The ongoing shortage of rolling stock across the network means their removal from service is reliant on electrification schemes elsewhere releasing diesel trains to be 'cascaded' down to Northern Rail.

The failure of successive Governments to invest in enough rolling stock is exemplified by the transfer of trains from overcrowded TransPennine Express services to similarly over capacity Chiltern Trains without any coherent plan for their replacement. On a smaller scale, the reinstatement of the Todmorden curve near Manchester has recently been completed and will significantly reduce some journey times in the area, but the new track currently lies unused because no trains are available to run on it.

For hundreds of thousands of passengers, the unthinkable prospect remains that the shortage of rolling stock means Pacers will continue to run on the Northern network throughout the next franchise period and beyond. This raises the ludicrous possibility of investing in these trains to make them disabled access compliant. It is worth noting that this discussion is happening while billions of pounds is invested in new rolling stock for south eastern routes like Thameslink and CrossRail.

An urgent commitment is needed from Government to ensure that Pacers will be phased out early in the new franchise. There needs to be an ongoing programme of upgrades to the remaining Northern Rail rolling stock, much of which is also in need of investment. TransPennine Express passengers deserve to know when their fleet will be returned to full capacity and what measures will be taken to address overcrowding. This must form part of a clear and binding timetable for rolling stock across the north, set out ahead of the new franchise being awarded.

Myth 6

We should cut services at stations with low passenger numbers

The myth: Some stations on the northern network currently attract few passengers. The Department for Transport's consultation states that although no station closures are officially being considered, these stations are earmarked for further cuts.

This strategy makes very little sense. Looking at the 66 low use stations mentioned by the DfT, it quickly becomes apparent that the majority have very poor levels of service, making them impractical for many passengers to use. Furthermore, cutting services does little to reduce costs. The biggest expenses are fixed costs for maintaining the rail line and stations, and cutting the existing occasional services further would not achieve any significant savings.

For example, the Middlesbrough to Whitby line has nine of the named low-use stations. But it has only four trains per day in each direction with the last train to Whitby leaving Middlesbrough at 17:40. Similarly, stations between Goole and Knottingley; on the Ellesmere Port to Helsby line; between Newcastle and Chathill; and between Skipton and Lancaster have only two or four services a day. Gainsborough to Barnetby offers a bizarre Saturday-only service while the Stalybridge to Stockport line and Durham and Tees Valley Airport station have once-a-week Parliamentary Services.

It is hardly surprising that these routes attract few passengers. As with the majority of the other stations identified as 'low use', these attract few passengers because they offer services so limited that no one with an alternative would choose to rely on them. Some serve reasonable sized communities and have been affected by the recent severe cuts to bus services, making their rail connection both important and full of potential. Few people use these services because they are simply not useful.

Passenger numbers have doubled on the northern network over the past 35 years and there should be confidence that introducing better, more frequent services would attract more passengers, boost communities, support the local economy, and help reduce road congestion. It is also worth noting that nearly all of these lines supported significantly more frequent services 35 years ago than they have today.

This approach can work. A number of services across the ScotRail franchise and in southern England have been increased with subsequent big increases in passenger traffic. On the Tyne Valley line, two of the stations identified as low use - Dunston and Blaydon - previously had just two and three trains per day in each direction respectively. This has recently been increased to give an hourly and two-hourly service respectively leading to a dramatic increase in use. Not only should these enhancements not be reversed, they act as an object lesson in what happens to passenger numbers when services see investment rather than cuts.

Conclusions

Investment in the north of England's rail capacity is overdue. All sides recognise that getting it right could make a big contribution to re--balancing the country's economy, supporting communities and attracting investment.

At the moment, Government lacks a clear and coherent plan for the north's rail network. A number of good projects are planned, but these do not amount to the transformational investment which is needed. Concerningly, a lack of ambition permeates plans for the Northern Rail and TransPennine Express franchises. A much clearer vision is required setting out the services, infrastructure and rolling stock improvements needed to maximise growth.

To overcome these shortcomings, Government needs to deliver a plan with bold targets for growth supported by on-going investment. This should to be at the heart of economic plans and the development of the renewed rail franchises.

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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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