

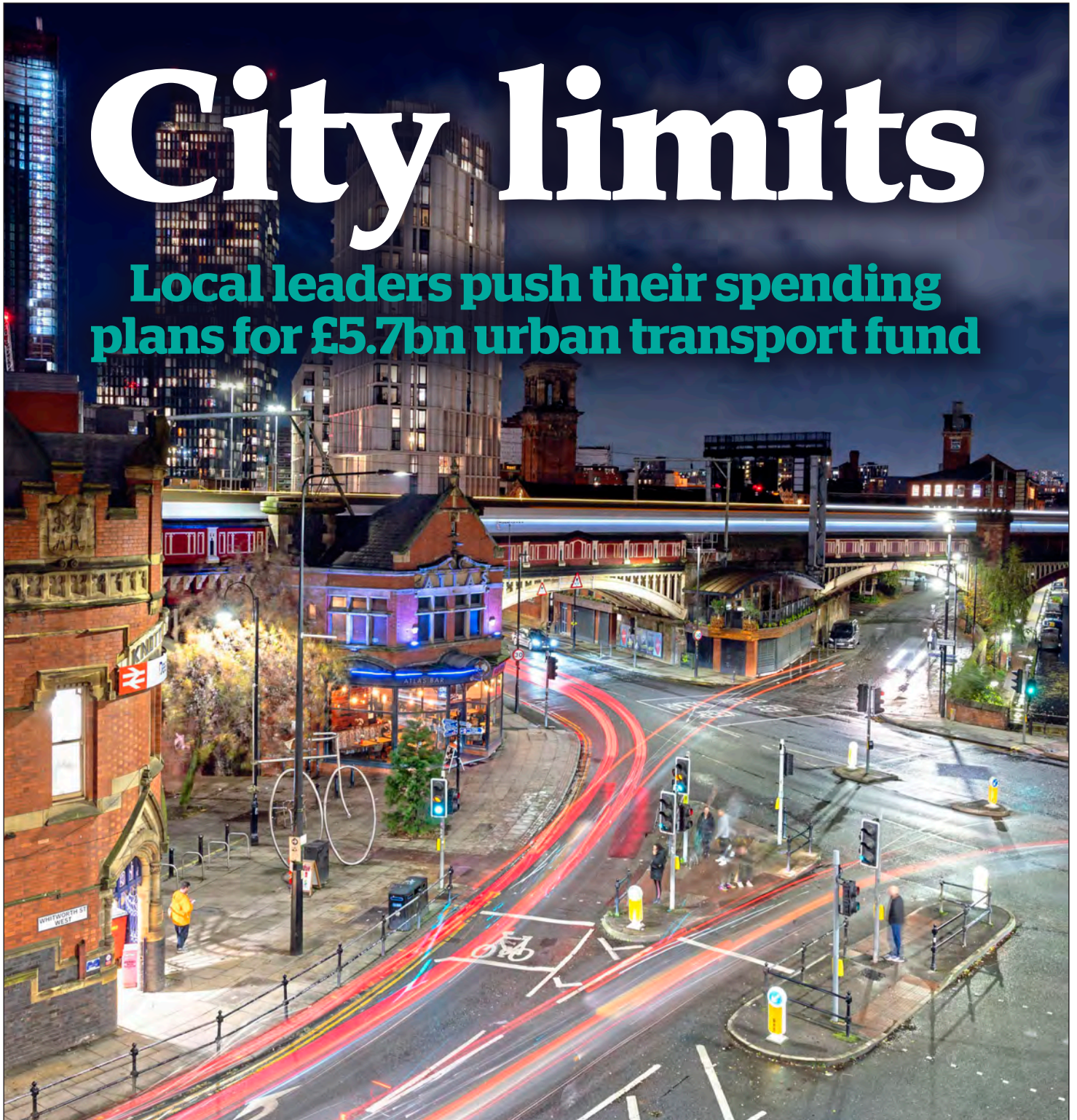
RailReview

From the publishers of **RAIL**

Q4-2022 www.railreview.com

City limits

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Sir Michael Holden *RailReview* Editorial Board Chairman

Q4 We need to reunite cost and revenue

Y... and in the current climate of high inflation and rising energy costs, it is essential that we focus on reducing costs and increasing revenue. The current method of controlling the industry continues to operate, but we need to find a way to reunite cost and revenue. This is a challenge that we must face if we are to ensure the long-term viability of the rail industry.

“Affordability is now the main criterion for enhancement – and if affordability, I mean how much money the Government is willing to spend, not how much revenue each project will drive.”



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“The rationale for extending the Calais route is as a prelude to a contract to focus management attention on it, otherwise it is just a niche product in the Scottish that no one pays any attention to.”

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Trains pass at Deansgate, Manchester, on November 8 2022. TOM MCATEE.

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Sir Michael Holden RailReview Editorial Board Chairman

Q4 We need to reunite cost and revenue



You don't have to be an accountant to understand this basic maxim which drives every business in the world: Profit = Revenue - Cost. Or expressed the other way round: Loss = Cost - Revenue, which is probably more useful in some railway contexts today.

We all know that it gets a bit more complicated than this, when you have to consider cash flow as well as profit, and net present value for projects, and so on. But the fundamental tenet of all traders, manufacturers and service providers holds good: you must manage revenue and cost together if you want to ensure you are making a profit.

Even not-for-profit outfits and charities forget this critical maxim at their peril. So why is it that our government seems to be ignoring it when it comes to its gigantic black hole of a railway system?

What went wrong?

In my opinion, change for the worse started to happen in 2014, once Network Rail was put back into the public sector for accounting purposes.

Up until that point, projects were generally evaluated on business cases based on costs and revenues. But after that change, the twin concepts of wider social benefit and affordability started to become important if projects were to be authorised for implementation.

Prior to this, in the post-1994 industry structure, we had a proxy for social benefit created through the concept of marginal track access charging. If a train operating company (TOC) wanted to run extra or longer trains, it knew the incremental track access cost it would incur. This was determined by a formula that was set in order for Railtrack to recover the incremental costs of wear and tear it would itself incur from the running of the extra tonnage.

So, it became a simple decision: if the expected revenue from the additional services or capacity was likely to exceed the additional maintenance or leasing costs

arising from the incremental rolling stock mileage, the extra crewing costs, and variable track access and traction energy costs, then the project had a positive business case and would be pursued.

If marginal revenue was projected to be less than marginal cost, then the scheme would be shelved, at least for the time being. The train operating company, as a commercial business, took the risk that revenue would not be realised as it had projected, and took the benefit if it did.

Using marginal revenue as a proxy for societal benefit may be a little crude, but it

certainly enabled railway traffic to be driven upwards for the first 20 years of the current industry structure, with passengers voting with their feet and with their wallets.

Satisfying passengers by meeting their needs better, and hence persuading them to travel more (or more often), as well as generating passengers new to rail, became the pre-eminent focus of Britain's train companies between around 1996 and 2012. Railtrack, and then Network Rail which followed it, was likewise incentivised (and regulated) to support and enable this growth in demand.



Greater Anglia 745001 and 745003 wait together at Manningtree on October 18, with inter-city services to Norwich and London Liverpool Street. The '745' fleet entered service in January 2020, as part of the operator's franchise commitment to replace its entire fleet with 1,043 new vehicles from Alstom and Stadler. The change to the franchising system which prompted this commitment has led to a glut of mid-life electric multiple units being prematurely scrapped, argues Sir Michael Holden. PAUL BIGGS.

While it can't be denied that the 1994 industry structure was more complex than what went before, and significantly more expensive to operate given the way rolling stock contracts and infrastructure renewals were set up in that model, what we saw in the first 20 years was a progressive improvement in the value created for society from the mother railway. And this went hand in hand with a gradual reduction in net cost (give or take some sizeable bumps along the way).

Things started to change for TOCs after the West Coast Main Line franchising fiasco of 2012, when the Department for Transport was caught out administering the franchise competition on a less than level playing field.

Subsequent to this shock to the system, DfT moved to strengthen its franchising team. This led it to change tack somewhat,

and to introduce a quality regime into the franchising system. But while this was well intentioned, it was the cause of two unexpected consequences.

Firstly, a raft of new trains was purchased, some funded by ultra-cheap capital leases, which led to a glut of newish to mid-life electric multiple units with nowhere to go. This is now causing a chunky write-off as many of them are being prematurely scrapped.

Secondly, the whole franchising process became even more complicated. This, coupled with tight margins as a result of stiff competition in the market, caused many of the big players to think again - and in some cases to walk away altogether.

The resulting stasis in the market predated the pandemic, which simply delivered the 'coup de grace' to the whole system.

The quality regime had been an attempt

to add a new proxy for social benefit into business cases (or in this case franchise bids). But it was one that was inspired centrally by the state and not by the market itself. It ended up by increasing costs faster than it increased revenue.

What about infrastructure?

Nor was infrastructure immune from a change in government approach. Once NR was brought under close government control, the business case approach to investment schemes that were designed to enhance the railway also started to change. Sponsorship became muddled between NR and DfT, and the approach to business cases was modified also.

Instead of a regime whereby any investment scheme that could demonstrate a good return on the investment (one where the expected revenue would substantially exceed the costs over the life of the investment) could be funded by NR, and a return earned through the resulting income stream, the emphasis started to shift towards non-monetary societal benefits and affordability.

In the current regulatory Control Period, which runs to March 2024, the sponsorship and decision-making responsibility for enhancement projects has been taken entirely in-house by the Government, with NR reduced to the role of a short-lease design co-ordinator and the TOCs reduced to spectators. Affordability is now the main criterion for enhancements - and by affordability, I mean how much money the Government is willing to spend, not how much revenue each project will drive.

I have noticed a gradual shift in the approach to rail projects over the past few years, away from business cases driven by a return on investment towards a grant funding mentality.

This might not seem like a big change in the scheme of things, but it means that railway projects are now competing for funding with equivalent projects in healthcare, education, housing and the like, where the emphasis is on societal outcomes rather than generating a surplus to service and repay the capital used.

Now, you could argue that railways should be seen as a social good, and should not be required to generate enough income to pay their way, but I think we are now beginning to see the consequences of this approach laid bare - in a world where government funding is severely constrained, rail projects will rarely be able to compete with better school buildings, better social housing, or more nurses and medical equipment in hospitals.

We can also see the consequences of ➤

“Affordability is now the main criterion for enhancements - and by affordability, I mean how much money the Government is willing to spend, not how much revenue each project will drive.”



► the sponsorship of rail projects being centralised in DfT.

For example, since it was first green-lit, East West Rail has suffered from a series of scope changes over the years. These have been driven by a mix of cost escalation, political changes of priority, and the non-availability of funding.

The outcome is that substantial funds are currently being invested in a railway where the revenue benefits will only ever be partially realised, meaning that in the long term it will prove to be a drain on the public purse. In short, the project started construction work too early before a solid business case had been established.

Much the same could probably be said for the Transpennine Route Upgrade, which has mushroomed from a £3 billion project to a £10bn one that is now most unlikely to ever earn a return on the investment.

Perhaps these projects are too big for private sector contractors to absorb the risk, with so many planning and cost uncertainties at the beginning of the project and such a long time to start realising the benefits?

But the current situation, where we start to spend big money on projects without first nailing down scope and outputs, means that we become trapped in a cesspit of sunk costs which risk being wasted if we don't push on. It feels as if the accountant's maxim of Profit = Revenue - Cost got lost somewhere along the way.

Please note that I'm not arguing here that all non-cash benefits should be excluded from a project's business case, but rather that it seems important to me that there is a relatively strong projected revenue accruing to the project once completed.

This acts to ensure that it remains justifiable, even when the going gets tough and the non-cash benefits slip lower down the priority list of the government of the day.

Today's crazy world

Which brings me on to consider what is happening on our railway today in the post-pandemic world, particularly as it relates to TOCs.

We've all had time to get used to the basics: collapsing revenue leading to a revenue black hole. Fares income for the year to April 2022 was barely half of the pre-pandemic level after adjusting for inflation,

“Unless there is a change in approach at ministerial level over the next few months, leading up to March 2023, we can expect to see swingeing service cuts from the May 2023 timetable onwards.”

leaving a £5bn shortfall for the year. That shortfall was bigger the year before, and will be smaller this year as users gradually return to the rails.

But we have to accept that with the timetable and fleet capacity as it is currently structured, revenue is going to settle at somewhere between £2bn-£3bn a year short of where it used to be. This has inevitably led to strong and sustained pressure from the Treasury to reduce costs.

One significant impact of the Government's reaction to this is that TOCs' income is effectively being passed straight to the Treasury, with the DfT left to target cost reductions either through productivity or service cuts, or a mix of the two.

As we can see from today's industrial relations landscape, achieving productivity gains to fund the pay increases needed to counter inflation is proving very tricky. In the meantime, further revenue is lost due to unreliable services and strike action, worsening the overall position as well as the future outlook.

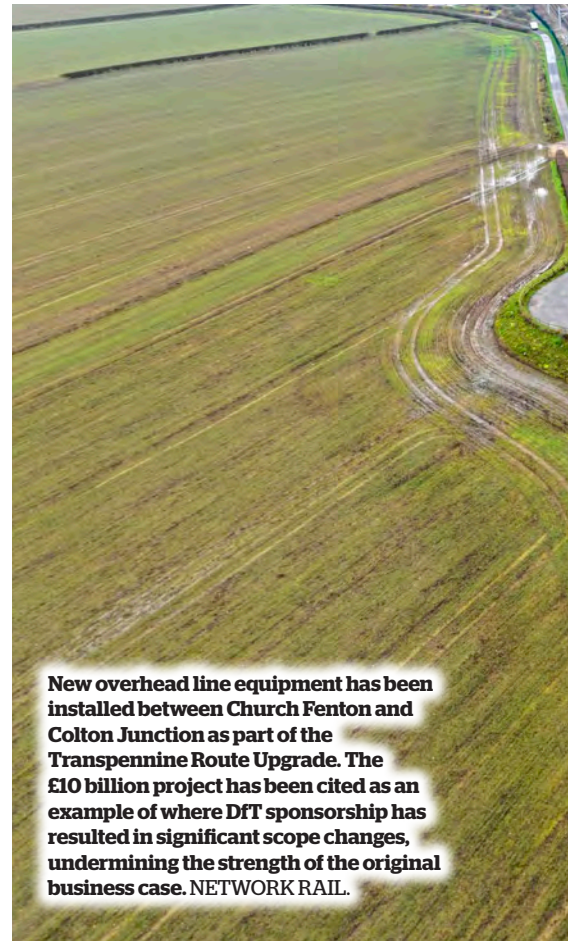
So, the DfT is left in the invidious position of requiring train companies to reduce their gross costs substantially, without regard to the impact on revenue. Cost reduction targets have varied by individual TOC this year, but they are reputed to be in the range of 10% (although as far as I am aware, nothing quoting actual figures has yet been published). For the next financial year starting in April 2023, I have been informed that TOCs are being asked to do something similar again.

Many readers will be familiar with the way a TOC's cost base is built up, but here is a very quick primer for those who aren't.

There are four pillars to a TOC's costs, and although the ratio varies between each of them, on average they handily work out at roughly a quarter each. These are NR, Rolling Stock, Staff Costs, and Everything Else.

NR payments cover fixed and variable track and station access payments, and traction electricity costs. The vast majority of this pillar is fixed and regulated, so any opportunity to reduce costs is extremely marginal.

The second quarter pays for the lease and maintenance of rolling stock, plus diesel fuel. Nearly all of the rolling stock is on 'hell or high water' leases, and for these the



costs are inescapable over their duration. The vast majority of these leases have many years remaining to run, so the ability of an individual TOC to reduce costs on its rolling stock sits somewhere between small and zero.

So far, we have accounted for around half of the average TOC's cost base, and to all practical purposes these can effectively be seen as fixed, at least in the short term.

Staff Costs represent another quarter of the cost base, and here there is only upward pressure during an inflationary spiral.

Which leaves the 25% of Everything Else, which includes all administrative and management costs, offices, shared industry costs, insurance, and so on. But 25 years of repeated rounds of franchising mean that these costs, as the largest variable element in a TOC's cost base, have been repeatedly subject to scrutiny, efficiency, and general reduction, leaving very little meat left on the bone to search for, never mind any fat.

In this scenario, a 10% cost reduction target represents a huge challenge. To do the same two years running without affecting revenue is probably impossible for each and every TOC in Britain.

So, around the country, a series of agonised back-room discussions and negotiations are taking place, to try and



brightest and best be willing to remain in an industry in steady decline, and where they are unable to do their jobs properly?

We are already seeing the consequences of poor-quality services affecting Northern, TransPennine Express and Avanti West Coast. These will soon become the norm across most of the network if TOCs are forced to further cut costs in the way they are now, without reference to revenue loss.

However, the damage caused by this approach is much worse than just that. Suppose a TOC wants to spend some money on refurbishing a fleet. It calculates that the costs of the interior improvement will be recovered by growth in ridership and revenue within two years. In a normal world such a decision would be quickly made, but in today's world they won't even bother to do the sums because they know it won't get approved.

Suppose one TOC wishes to contract some fleet maintenance activity to another. This may make perfect financial sense in a normal world, and TOCs used to be incentivised to do such deals, but in today's topsy-turvy world one TOC would make a cost saving (great) while the other would see a cost increase (impossible to accept). A sub-optimal way of running the railway will be the outcome.

How many gatelines and revenue protection posts do we anticipate will be staffed in a few months' time? If the revenue loss is someone else's concern, I would be very fearful for the future of this activity.

How much effort will be put into promotional and marketing activity when it simply appears as an avoidable cost to the TOC, with the revenue generated disappearing off elsewhere?

I could go on, but I'm sure you get my drift. In my opinion, of all the challenges facing today's railways in Great Britain, this is the most acute one.

But it also has the simplest solution. Rail Partners, the newly formed industry lobby group, has just come out fighting on this issue with its report (published on November 29) *The Fork in the Tracks: Attracting customers back to the railway*.

Based on research by Oxera, and supported in the report by concise analysis, it shows that between £1.6bn-£2.1bn of revenue over the next two years is at risk of being lost if the current method of controlling the industry continues to operate.

The report proposes four key steps the Government should take, and provides some supporting detail on how this could be done. It makes clear that if the will is there, these changes could be activated almost immediately. Its fourth clear step is "reunite cost and revenue". Yes please! ■

agree what can be cut and how.

It is inevitable that service reductions will be the result, as TOCs struggle to attack those elements of their staff, rolling stock and Network Rail cost pillars which are variable.

Some of these cuts have already been made as a response to reduced commuting volumes, while others have been made as a consequence of not having enough staff to operate the full service (for reasons we all understand). Further timetable rationalisations are happening in this month's timetable changes.

That has got us through 2022-23, but it isn't going to cut the mustard in 2023-24.

Unless there is a change in approach at ministerial level over the next few months, leading up to March 2023, we can expect to see swingeing service cuts from the May 2023 timetable onwards. This cannot be achieved without significantly damaging revenue, but it seems that no one in government is listening to this argument (or if they are, is moved by it).

So, we have achieved the Alice in Wonderland state of having divorced cost and revenue from each other.

In the world of franchised TOCs, cost and revenue were brought together in the Profit & Loss account at Managing Director

level, with strong incentives to ensure the two stayed in relative balance. This was monitored four-weekly, and corrective actions initiated where the targeted level of profit (or loss if you were in that unloved position) was going to be missed.

Compare that with today's situation, where the first place that a TOC's revenue and cost are considered alongside one another is at the Prime Minister's desk. Of course, they aren't actually considered in this way, as that would be impossible, so only the rail industry's overall financial position is likely to be considered in 10 Downing Street. Even then, I suspect it would only be reviewed in the context of DfT's overall budgetary position against its control limits.

This is not a good place for the British rail industry to be in, with obvious consequences likely to be seen from the current approach.

It seems inevitable that the overall net financial position of the TOCs will become worse, as revenue is likely to reduce faster than cost. But the overall outlook for GB railways worsens too, as customers gradually abandon a deteriorating service for other means of travel, or just travel less altogether.

Then there is the obvious disempowerment of today's cadre of leaders and senior managers: how long will the

Tan Dhesi: "We don't want to go back to how it was 20, 30 years ago. We want a railway fit for the 21st century... what fits the scenario as we face it now."



What if Labour wins the next General Election?

With GBR's official launch delayed, the stage is set for the opposition to outline its vision for rail, but will Labour adhere to its previously published White Paper? CONRAD LANDIN reports

The postponed legislation for creating the new 'guiding mind' for Britain's network will now be tabled "before the next election", according to Great British Railways Transition Team Lead Director Anit Chandarana.

It sounds like an even greater delay than that announced by Anne-Marie Trevelyan (who briefly served as Secretary of State for Transport under Liz Truss) in October. She suggested it could be taken in the next parliamentary year, once the immediate demands of the energy crisis have been addressed.

Pushing through a major package of reforms just before an election has its risks - a change of government could result in the plan being aborted midway through, which looks certain to be the case if Labour sweeps to power in an election in late 2024 or early 2025, the last possible dates for a General Election.

But with the quick succession of two Conservative leaders to the premiership without facing the country, and the perfect storm of the Ukraine war, the cost-of-living crisis and successive Government scandals, many are now planning for an early election. That risks GBR being killed off before it even reaches the statute book.

Railway Industry Association Chief Executive Darren Caplan has described the delays to GBR as "disappointing", suggesting that they could deprive the railways of the "clear strategic direction" they need.

But Tan Dhesi, the man likely to become Rail Minister under a Labour government, was surprisingly nonchalant when asked about the delays at a Labour conference fringe event in September.

"Look mate, what hasn't been delayed?" he quipped.

"What we've been arguing is there should have been a hiatus while the Government sorts itself out.

"They've [the Conservative Government] copied and pasted some of the ideas formulated by Andy [McDonald, former Shadow Transport Secretary] and Rachael [Maskell, former Shadow Rail Minister] and others, and then a lot of that reform just isn't taking place because the industry or the country just doesn't know which way the Government is going with this."

"We feel that railways are being led into managed decline: 19,000 services have been cut, and that's why the Labour party feels that under public ownership, we can determine the level of operation so that no communities are ignored."

Tan Dhesi, Shadow Minister for Railways

In contrast, Dhesi tells *RailReview* in an interview in November that Labour is determined to signal its direction of travel.

"We will set out our vision - I think Sir Keir Starmer and Angela Rayner and the rest of the team have been very clear on that. I think we've seen that with the £28 billion green investment pledge from Rachel Reeves, our Shadow Chancellor, and within that there is a large scope for public transport."

The basis of that vision is public sector operation of the passenger railway: "We at the moment feel that railways are being led into managed decline - 19,000 services have been cut, and that's why the Labour party feels that under public ownership, we can determine the level of operation - the level of services - so that no communities are ignored."

But beyond this headline policy, many in the rail industry feel that Labour's policy is itself full of vagaries. One rail consultant told *RailReview* that the document the party produced in early 2020, *GB Rail: Labour's Plan for a Nationally Integrated Publicly Owned Railway*, had "significant gaps".

And while the document remains live on Labour's website and is (according to a source close to Shadow Transport Secretary Louise Haigh) still party policy, under Keir Starmer's leadership the party has appeared reluctant to confirm this publicly. And now, for the first time, its rail spokesman appears to be advocating a different legal structure to that which the document outlines.

Dhesi's CV is impressive. Born in Slough and raised in the Indian Punjab and Kent, he gained degrees in maths, applied statistics and South Asian history from UCL, Oxford and Cambridge. But most of his working life has been spent in the construction industry, giving him a valuable insight into the world of contracting and supply chains - something which has not gone unnoticed among industry insiders.

A former councillor and ceremonial mayor in Gravesham (Kent), Dhesi was elected MP for Slough in 2017, at the General Election in which Jeremy Corbyn's Labour defied expectations of a resounding defeat and deprived Theresa May's government of an overall majority.

After Labour suffered heavy losses two years later, the comfortably re-elected Dhesi served as Parliamentary Private Secretary to Corbyn during the final months of his leadership. He supported Lisa Nandy in the 2020 leadership election, but was soon appointed by the victorious Starmer as Shadow Minister for the Railways, and he has remained in post ever since.

The provisions set out in *GB Rail*, published by Andy McDonald shortly before he left the Labour transport brief, have been discussed at length (*RailReview* Q3-2022, Q3-2019). But its central thesis is the creation of a "single publicly owned railway company, GB Rail", overseeing both devolved transport authorities and business units, including "GB Rail Mainline" for passenger operations and "GB Rail Freight".

Lumo 803004 forms the 0852 London King's Cross-Edinburgh at Ballencrieff (between Drem and Longniddry) on July 10. The future of open access operations remains a gaping hole in Labour rail policy. STUART FOWLER.



► If that's not clear enough, it sets out explicitly: "All Business Units will be part of the GB Rail company, not legally separate subsidiaries, and will manage both rail services and rail infrastructure, so as to facilitate maximum integration."

But sitting down over tea in Portcullis House (the modern extension of the Palace of Westminster), Dhese says this will not be the case - at least initially. The first clue of his thinking here is his praise for how "in France, or in Germany, or any of the other nations, by taking greater charge of their railways they were able to deliver better value for money, cheaper fares. They were also able to electrify the majority of their railway network."

In line with the European Union's "rail packages" of directive legislation encouraging competition, both SNCF and Deutsche Bahn have created separate legal entities for infrastructure and operations. McDonald believed that the structure outlined in *GB Rail* would still be workable if Britain remained in the EU, but that Brexit would make it easier still.

When pressed on whether track and train would remain under "separate legal entities", Dhese says: "Originally, I think that's how we would want to set them up. It's a gradual process and then we can see what would work best going into the long run. That's where we need to gradually take operations and then build upon that."

"We already have Network Rail there in terms of our tracks... but we want to make sure that we have those entities for our tracks

as we already have. Also another one for our services, and that we have those organisations focused towards delivering for the public, but also working in close collaboration under the auspices of the Transport Secretary, under the auspices of the government."

Dhese still describes the need for "an overall guiding mind", but it would seem this is no longer a single company and single employer for infrastructure and operational staff, as set out in *GB Rail*.

"We don't want to go back to how it was 20, 30 years ago. We want a railway fit for the 21st century... what fits the scenario as we face it now," he says.

The rail unions - Labour's affiliates ASLEF, TSSA and Unite, and the non-affiliated RMT - have also expressed their support for a more devolved, democratically accountable system than that which existed with British Rail.

At a fringe meeting at this year's TUC Congress, ASLEF Assistant General Secretary Simon Weller said there was no state-owned railway worth emulating in the entire world, because the only ones in existence were either bureaucratic monoliths or "state capitalist" set-ups (of the kind favoured by the EU), with separate legal entities interacting with each other in the manner of private companies.

"If you're a trade unionist, you'd say it's better not to create those boundaries [between infrastructure and operations] in the first place," says a legal source with experience of EU regulations.

"EU regulations on separate track and train management have created the division that you're trying to get away from. I can see why they're saying the European model is not what we want."

The legal source believes that Northern Ireland Railways, which remained in the state sector at the time of privatisation, offers an interesting model for Labour.

"It's an example of something that works here. What you've got, firstly, is a very small railway system, so it isn't at scale. But what they've had throughout is one company which owns the whole railway system, with infrastructure and operating wings in a coherent management structure. They provide a very close integrated system where basically they're talking to each other all the time, really efficiently without serious internal friction."

Dhese is more sceptical: "I think Northern Ireland is very much a



"If an Oyster-type system works for London, why can it not be the case for Manchester, or Liverpool, or Birmingham or anywhere else around the country that so desires it?"

Tan Dhese, Shadow Minister for Railways

special case. How the railways have been run there, we cannot base the rest of the UK on the system that is there. But we have looked into various models within our Shadow Transport team that are working in other parts of Europe, to ensure that nations of similar scale - for example, Germany, France and Italy - we'll look at the best practice there."

Switzerland, which sets public transport service guarantees in law, is also of interest to Dhési. This will be music to the ears of transport campaigners across Britain, who have often held it up as an example of how services could be rebuilt to directly respond to the needs of citizens.

"I'm really inspired by the Swiss model and what they're able to achieve in very rural parts of the country," says Ellie Harrison, the founder of Get Glasgow Moving, a campaign for integrated ticketing and better public transport in Scotland's largest city.

"It's because they have a statutory duty that everybody has a right to public transport. And a service, depending on the size of the place where you live - either every hour, every half-hour or every quarter of an hour, seven days a week, 0600 until 0000. That's law.

"I think that would be a real game-changer to get something like that. There was a debate around that when the Transport Bill was going through Parliament. If there's a statutory duty and local authorities have to deliver it, then hopefully they will think about the most cost-effective ways of delivering it, and the most reliable ways of delivering it. It's obvious you need an integrated system."

Says Dhési: "We've looked at the Swiss with their integrated timetabling, how things can align so that the passenger can have that convenience of getting off a train in (say) Slough station,

Track renewal takes place as part of the project to open a new station at Inverness Airport. Labour's commitment to unite track and train operations within a single legal entity seems less certain now than when initially proposed by former Shadow Transport Secretary Andy McDonald. NETWORK RAIL.

getting onto the bus, and then gradually using other forms of public transport. The integration of timetabling, the siting of bus stations with rail stations and so on, that is also crucial. We're always open to ideas, and the last two years that I've had the privilege of serving as a Shadow Rail Minister, that's what we've been able to do."

However, the rail consultant queries: "Are we prepared to pay the level of tax to get the Swiss-style level of service?"

And like Harrison, Dhési stresses the need for integrated ticketing: "If an Oyster-type system works for London, why can it not be the case for Manchester, or Liverpool, or Birmingham, or anywhere else around the country that so desires it?"

Dhési repeatedly returns to the need for service levels to be set by the government.

"If someone's waiting at a particular train station, previously they would have been accustomed to two or three trains an hour. Instead, now they only have one train an hour," he says, referring to the continued reduction on some routes after COVID service cuts.

"That's no way to have that affordable, accessible, convenient rail service. We know what the British public expect: they want something that is affordable, they want something that is accessible, in terms of not just cost, but also accessibility for people with disabilities. And they want it to be convenient.

"So, we need to have that as our primary focus as we deliver. That is not just being done from some sort of ideological [standpoint], it's being done because it's in the best interests of our country."

Motivations are an interesting question when it comes to rail policy. The EU's prescription of increased competition, rolled out through successive directives over the past three decades, has always been justified on the basis that it would bring value and enhanced service levels for the travelling public.

"Where that was going over time was to create a fallback situation where you could not have a monopoly government-based railway system, because the idea was that killed competition," the legal source says. ➤



“For a nation that pioneered rail, we are now lagging far behind on electrification, lagging far behind on value for money, in terms of the extortionate fares that passengers have to pay.”

► “The whole project for the past 30 years has been to break up [singular, state-owned] enterprises and introduce more independence and transparency by degrees.”

But by turning the tide on competition, Labour is essentially saying that the EU was either misguided or disingenuous in saying this would deliver for the consumer.

“I think the Government themselves have rejected the notion that the railways are delivering for the British public,” Dhesi argues.

“It needs a government that is committed to taking charge of our railways, because for a nation that pioneered rail, we are now lagging far behind on electrification, lagging far behind on value for money, in terms of the extortionate fares that passengers have to pay.”

Or, as the legal source asks: is Labour’s motivation to deliver the best service for the consumer at all? Or is the party more focused on creating an efficient railway network?

“It needs to be passenger-focused,” Dhesi says, when asked if he

sees an opposition between these two priorities.

“Ultimately, we know passengers want an affordable, accessible and convenient rail system. What we also want is to deliver an increased level of freight. That is where the direction, the vision, the long-term planning from government is essential.

“And I don’t see that there is a problem in having it to be both passenger-focused and delivering an efficient rail system. We need to have them both, I think, and that’s what we will endeavour to deliver upon.”

However, the questions on the minds of many passengers will be more straightforward. Through the news media, they are unlikely to hear any further policy detail beyond the word “nationalisation” - and the reality of taking back franchises as they expire may not meet their expectations.

Put bluntly, many in the older generation will expect a return to British Rail. And aside from the slow pace of franchise expiry, it looks increasingly likely that freight and open access operations will remain in the private sector.

But an incoming Labour government would likely be held accountable by passengers, opposition parties and the media (much of which will be hostile to Labour’s one remaining public ownership pledge) for every aspect of operations and infrastructure.

“I think the British public will know that it is a gradual process - it’s not going to change overnight,” Dhesi says, when asked how Labour will manage such expectations.

“For a variety of reasons, we have to think of rail in the long term - we cannot have a short-term vision. I think the British public will take that into consideration, that they will see the benefits, in



“If we price ourselves out, people will not be going by rail - it will be a car-led recovery after the lockdowns and the pandemic. That’s why we want to take charge of the service level as well as, obviously, the tracks.”

a gradual manner. They will see that where we are at the moment with various operators, sometimes not offering the appropriate level of services, 19,000 services have been cut.”

Public operation will also “give us the opportunity to bring down fares”, says Dhesi.

“At the moment, we feel that rail fares are too high. In fact, they’re 49% higher than they were in 2010, and also fares have risen twice as much as wages. Now, if we price ourselves out, people will not be going by rail - it will be a car-led recovery after the lockdowns and the pandemic. That’s why we want to take charge of the service level as well as, obviously, the tracks.”

But Labour will also have to deal with the demands of the workforce and the trade unions, which still enjoy a close relationship with the party. Having criticised the Conservatives’ approach to industrial relations so forcefully, what will Labour do differently?

“Under a Labour government, rather than the current Conservative approach, you will have a government that is focused and recognises the importance of industrial relations, that recognises the importance of the suggestions and views of various stakeholders within the industry, and also taking into full consideration the views of passengers,” Dhesi says.

“That is why I’ve said recently on the floor of the House that what

we actually have is a Government that has been gunning for strikes. The strikes have been Government-induced, in that they wanted to create a wedge issue to divert attention away from whether it was Partygate or Pinchergate or various other problems that they’ve had.”

Dhesi focuses on the importance of dialogue. “In fact, I asked the previous Transport Secretary [Grant Shapps]: ‘If I, as the Shadow Rail Minister, can sit down with the chief executive of Network Rail, can sit down with the various operators, can sit down with the general secretaries of the rail unions, what is stopping the Transport Secretary from doing so?’

“That’s where that leadership needed to be from government ministers, rather than hiding behind somebody else or given that they have a mandate. That’s where it’s incumbent upon them to show leadership, to show that they can resolve the impasse as soon as possible. That’s the difference that you’ll see under a Labour government.”

Although Labour in government last time round did not turn the tide on the franchising system, there were always many in the party - not just on the left - who favoured ending it.

When Corbyn shifted Labour’s policy to public ownership in 2015, few voices were raised in opposition. And with Tom Harris, probably the most passionate supporter of the free market to have served as Rail Minister under Labour, having quit the party during Corbyn’s leadership, there are now even fewer.

However, one lone sceptical voice in the party ranks is Lord Berkeley, a former civil engineer who worked for Eurotunnel for ten years from 1985, and later became chairman of the Rail Freight Group.

“It all comes back to what you mean by public ownership,” he tells *RailReview*.

“Public ownership is something that’s an essential part of Network Rail - you couldn’t envisage having the infrastructure owned by anyone other than the state, the same as the state owns all the roads.

“When it comes to what goes on the track, freight is pretty much all in the private sector, and it has its attempts to get more capacity - sometimes it wins, sometimes it doesn’t. I’m assuming [Dhesi] doesn’t want to nationalise the manufacturers - you couldn’t really.”

Berkeley continues: “I’m not convinced public ownership is in the national interest. What are we trying to achieve? We’re trying to achieve an efficient, reliable and safe railway, that fits with whatever politicians decide should be.

“I question whether the state will do it any better, rather than having the private sector reporting, responsibly, to the state to try and give the passengers the best possible deal. What’s becoming clear on the continent, and here on the East Coast Main Line, is that on the long-distance traffic, competition grows the market.”

GB Rail calls for a “case-by-case review to determine the best ownership arrangements for the existing privatised rail freight operators”, with Direct Rail Services (already state-owned through the Nuclear Decommissioning Authority) transferred to the GB Rail freight business unit.

The document sets out the need for “Chinese walls” within the unit, to ensure DRS does not get preferential access. But the rail consultant interviewed by *RailReview* is sceptical that this would work. “Will it artificially reduce the share prices of the other FOCs?” he asks.

However, Dhesi’s focus when it comes to freight is not ownership, but volume: “The key concept is to have annual targets. If other nations can have those annual targets... for example, even in Scotland we’ve got that. There’s been a great deal of work in Wales >

Freightliner 66416 passes Morston Hall (near Trimley) on the Felixstowe branch on October 18. with the 1613 Felixstowe North FLT-Ditton container service. An annual UK-wide rail freight target would be a feature of an incoming Labour Government. PAUL BIGGS.



“For us, the main thing is about ensuring there is investment in tracks and to get the timetabling and the service levels correct, and we can then build upon that thereafter.”

► as well with the publicly owned Transport for Wales.

“We want to make sure that there are annual targets, that the level of freight is increased. That can only be done if we have increased capacity in the system. That’s why we are firmly in favour of HS2 and Northern Powerhouse Rail, because it would open us up to increasing the capacity to have more freight.

“To tackle the climate crisis, to ensure that we are decongesting our roads, we need to have a focus on freight. And that can only be done by increasing capacity. And I think that will lead many in the logistics industry to seriously consider using the train for freight.”

But if this is the aim, how will Labour incentivise a modal shift from road and air to rail?

“Once we have that capacity, once people within the logistics community realise that we can, that they’ve got a government that’s investing”, the rest will follow, Dhési believes.

It’s about making it clear “that they can move their freight around a lot easier than always being subservient to passenger services”, he adds, saying that sometimes means “they cannot even operate that freight service, and therefore they do not even have an option”.

For the rail consultant, the logistics sector is unlikely to favour rail on the scale that is needed for as long as it is cheaper to move freight by road. But there are ways of navigating this, he believes, such as taxing road freight - unpopular as this might be. New freight operators, some using repurposed passenger rolling stock, could

also play a part in bringing the price per unit down for smaller and mixed loads.

It’s an aspect of the policy which could end up being played off against other commitments in Labour’s manifesto. Might the rail industry and rail unions have to compete with the interests of other sectors?

Brexit, the consultant says, means that isn’t necessarily the case.

He suggests that newer generations of the road haulage workforce would much rather take on jobs in the short-haul HGV sector, which would be empowered to expand around revived regional rail freight terminals. However, Labour does not yet appear to have developed its thinking on rail freight to this level of detail.

In another deviation from McDonald’s vision, Dhési confirmed at Labour’s 2022 conference that the party’s “priority is not about the ROSCOs [rolling stock companies], it’s about the network and the operators”.

The public procurement of future rolling stock orders, set out in *GB Rail*, would “depend on where we find the economy” upon taking office. Now he reaffirms that rolling stock won’t be the “primary focus”.

He continues: “We need to ensure that the focus is on the current chaos and catastrophe where many people cannot even get between the major cities in a timely fashion, with the cancellations that there are, a lot of people having to pay silly prices, only to stand on a train or find that those train services are not running.”

But he is open to public procurement of rolling stock on a regional level, such as that being pursued by Liverpool City Region Mayor Steve Rotherham for the new Merseyrail electric multiple units.

“They will have the power, in terms of devolution, to embark upon what they think best fits their metro region. For us, the main thing is about ensuring there is investment in tracks and to get the timetabling and the service levels correct, and we can then build upon that thereafter.”

Services arrive and depart at Zurich Hauptbahnhof on April 1. Tan Dhési claims to have been “really inspired” by the Swiss system that sets out minimum service levels and statutory public transport provision in law. ALAMY.



East Midlands Railway 170511 crosses Rectory Viaduct on the approach to Radcliffe-on-Trent on July 25 forming the 1345 Nottingham-Skegness. Labour appears to have watered down its previous commitment to public procurement of rolling stock at a national level, although local authorities would be given more freedom. PAUL ROBERTSON.



At the conference, Dhese was repeatedly pressed by industry representatives over the future of open access operators. In return, he repeatedly reiterated that he had championed the cause of open access companies when they were lacking in pandemic support, but he declined to confirm the future of such operators under a Labour government.

Instead, he said the party would be “outlining exactly how we would be viewing the role of open access operators, and certain places where certain operators could enhance the overall operation”, adding that this announcement would come “in the very, very near future”.

The *GB Rail* paper had proposed that “a value-for-money assessment will consider whether it would be cost-efficient to purchase all or some open access passenger operators and rail freight firms”, but, similarly, did not commit. Open access rights were codified in European competition legislation, but Brexit allows a future government the flexibility to decide if they are desirable.

“If you’re a freight operator or an open access operator, and Labour come in and say we’re changing the system, either you say ‘I need to continue to have my track access rights on the current basis

within that model - which is probably a time-limited thing - or you say you’ll have to buy me out,’” the legal source says.

“Government makes laws and they ultimately have the power to take away the ability to have open access operators. If they didn’t compensate those businesses at all, there might be human rights-style challenges. However, it depends on what precisely is done.”

For Labour’s approach to this question - and many others, those of rolling stock, freight and industrial relations - we will have to wait.

However, what is clear is that the *GB Rail* opposition White Paper can no longer be taken as a guide to the party’s first principles. Dhese’s divergence from it on the subject of structure seems particularly significant: once aspects of the state-owned operation are interacting as separate entities rather than business units of the same legal company, it surely makes it easier to maintain the involvement of private sector partners, too.

If Labour wins, Dhese and his ministerial colleagues are still likely to face an uphill battle in implementing public operation, especially if that means costly measures such as significant fare subsidies.

In the meantime, much as he is keen to build relationships and trust within the rail industry, his primary job is to develop a vision which resonates with the voting public.

“I think even the Government has acknowledged that the fragmented, privatised, failed model is just not working - not for the passenger, or for rail workers, or for the taxpayer,” he says.

“That’s why 25% of it is already in public ownership - the majority of the rest of the 75% is in public ownership, but it just happens to be European governments owning it. The British public is now looking to its Government to take charge.” ■

“To tackle the climate crisis, to ensure that we are decongesting our roads, we need to have a focus on freight, and that can only be done by increasing capacity.”

Labour

Tan Dhesi's thoughts on how Labour would organise rail after gaining power bring a dose of realism - perhaps signalling a move away from Labour's dogma of 'just nationalise everything rail-related, as quickly as possible', as if this will, by itself, solve all of rail's problems.

This is refreshing and welcome. Perhaps this reflects an emerging understanding that it doesn't really matter how rail is organised, what really matters is what is delivered. For passengers that's a good service that's easy and reliable to use, at a fair price. For freight and open access operators, it's a stable environment where investments can be made and new business brought to rail.

As Tan suggests, there are surely many lessons that can be learned from looking at how rail ownership, operations and fares are managed in other countries. Where appropriate, we can apply those lessons. Tan is right to be sceptical about drawing any conclusions from the Northern Ireland model, however - a network with barely a 1,000th of the number of passenger journeys as the GB Rail network holds few lessons.

I am concerned that there is little commitment to the current open access operators. There is very little true rail-on-rail competition in the UK. Yet where there is, it has been demonstrated to both grow the overall market and to achieve modal shift. This is something that should be celebrated, not threatened.

“There needs to be a compelling vision for what rail offers, why customers should use it, and how it outcompetes its main competitor (the car).”

Although there is much discussion in Tan's interview of the future structure of rail, there is disappointingly little about fares and ticketing, and not much more about the actual rail product (the timetable, frequency, speed, performance and overall customer experience). Yet it is these things that customers actually care about most.

Taking fares, ticketing and retailing

Inevitably, the Shadow Transport Minister is adapting Labour's thinking from its original 2020 *GB Rail* proposition after Brexit, post-pandemic, and in light of the railway's current challenges. The landscape has changed so significantly in the last two years, it's good to read that Labour is taking an adaptive, agile approach.

GB Rail was positive in its clarity about what the railway is for: the familiar three-legged stool of supporting the economy and society, carbon reduction and better air quality, and addressing social inequality via jobs and housing.

It proposed commendable areas of focus with a guiding mind in charge at arms-length from government, steady public investment, and long-term funding horizons - a unified railway with all parts working together. There was recognition of a need for both ticketing and timetabling reform.

These are very similar principles to the Williams Review, and there's much to support across the rail industry with these views. Labour proposed increased devolution, with GB Rail Business Units (BUs) aligned to Devolved Transport Authorities - together with a Freight BU and an Intercity BU. That's a natural progression of the devolution already begun by Network Rail, with the Metro Mayors and Regional Transport Bodies. And this takes the thinking further, with a nationwide approach.

Nevertheless, there were gaps in the *GB Rail* plan. Labour proposed an ambitious parallel with Switzerland and Germany, connecting rural communities with a coherent, integrated, multi-modal public transport vision. Affordability and achieving the modal shift to pay for the vision were less well-defined.

Labour wanted to invest in rail and expand rail services, together with reducing fares - recognising that the benefits of rail extend



Alistair Lees

Chairman, Independent Rail Retailers

first, Tan is absolutely right that many rail fares are too high - I have repeatedly said so myself. Ridiculously high headline fares (even in Standard Class, an undiscounted Anytime return from London to Manchester is £370!) reinforce the public's perception of rail travel being 'expensive' or 'poor value' (especially among non-users of rail). There are many excellent value rail fares as well, but they will always be overlooked when there are such exorbitant headline prices.

Tan states that fares have increased by 49% since 2010, but what does this really tell us? Inflation since 2010 is 41%, so rail fares have not increased all that much in real terms (although they will become less affordable, like many other things, as the cost-of-living crisis bites).

Is Tan saying that fares should have increased by less? If so, what would have been the right amount, and is this a Labour policy for fares in the future? These are the key questions, because they then lead to the question of how this is funded - more subsidy, reduced costs and increased efficiencies (always the easy 'get out', although there is clearly some scope here), or increased revenues?

Assuming that further subsidy increases are going to be difficult, and given that mooted cost/efficiency savings usually don't materialise to the extent that their backers claim, the answer must be increased revenues.

Labour (and, indeed, the current government) are largely silent on this. The opportunity to increase revenues is certainly there: rail travel



Russell Jackson

Global Transit Director, AECOM

to broader groups and that those benefits should not be borne solely through the farebox. As the article makes clear, there is strong support for a rolling programme of electrification. Labour proposed increased efficiency, increased modal shift, and (crucially) re-investing profits (greater public sector ownership of TOCs and the infrastructure supply chain) as the keys to unlocking and paying for their vision.

GB Rail advocated a deeper public sector-owned rail industry, including bringing more infrastructure functions in-house as well as GB Rail Business Units operating the train services. The private sector was relegated to 'specialist functions and production'.

A future *GB Rail* without a deep supportive role for the private sector would not harness the benefits of the collaborative partnerships that have been built up between private and public rail companies. Working in rail today is a far cry from the smoke-filled boardrooms of the 1970s, where we saw a declining, less ambitious railway that was more interested in its own organisation than in a focus on passenger and freight growth.

Tan Dhesi changes the rhetoric from the original *GB Rail* subtext

is a very small proportion of travel by all modes of transport (even when including only journeys where rail is a viable option); there is plenty of capacity (but not at all times, of course); and pre-COVID ticket revenue of £10.5 billion (with which revenues today are often compared, to demonstrate a 'revenue gap') isn't a natural ceiling - it's simply the number that had been reached in the 2019-20 year.

Tan is right to note the success of contactless PAYG in London, and to call for this (integrated across bus and rail, as in London) to be introduced in other cities and city-regions. It's explicitly called for in Labour's 2020 *GB Rail* paper, too, under the concept of 'islands' (the PAYG areas) and 'bridges' (everything else).

Where each PAYG 'island' matches an already well-understood and well-defined region, such as Merseyside or West Yorkshire, it will work well. But if PAYG areas are too big (for example, the whole of north-west or south-east England) then they lose the simplicity that makes them attractive to new customers (and drives a revenue increase) in the first place.

Integrated ticketing for longer-distance travel isn't really a requirement, but it's popular to trot out the 'integrated ticketing' banner as if it somehow solves customers' problems. It doesn't. What customers actually want is to use local bus or rail services on the day simply and easily (ie: with contactless, and knowing there is a cap). This is a completely different need from long-distance journeys, where aspects such as seat reservations and obtaining the best price matter most.

But back to passenger and revenue growth. This is the real challenge: how does rail win and keep new customers? To do this there needs to be a compelling vision for what rail offers, why customers should use it, and how it outcompetes its main competitor (the car). Tan takes some steps towards this, but does not go far enough in articulating a vision for rail.

With a clear vision and a well-articulated strategy, and partnerships with the private sector, rail will win new markets, reach new customers and grow revenues back to pre-COVID levels - and even above them.

of a private sector that merely extracts profits from the rail industry, and that shift in position is good news. If the shadow minister were reading this, I would emphasise that there are manifold benefits from the private sector contribution to UK railways.

The best of private sector operations and franchises invested in rolling stock and infrastructure to support passenger growth.

The best of private sector infrastructure firms embrace deep collaboration with Network Rail to drive step-changes to quality and efficiency.

The best collaborations between public and private sectors in the UK are models that other countries would recognise as world-leading, and they certainly deliver both an efficient rail system and a passenger-focused rail system.

We don't always manage it, and when it fails, that is the headline-grabbing news - quietly efficient delivery between the public and private sector on UK railways isn't very newsworthy.

The rail industry supply chain is a vital element in achieving a long-term vision for rail as the foundation of our transport system, if Labour aspires to the UK emulating the Swiss model. Efficiency and growth that is achieved through the supply chain should be rewarded with that uncomfortable word - profit.

Vertical integration will bring efficiency to access for renewals, and improved focus on reliability, but Britain's railway industry has to avoid the pendulum swinging all the way over from a fragmented system to a wholly nationalised system.

We need the best of both public and private organisations to make the railway successful for everyone. And we need a clear long-term vision, with the railways controlled by railway professionals, for that vision to become the reality.



Cara Murphy

Client Director - Great British Railways, Atkins

Reform of the rail industry is needed, regardless of which political party is in charge. This is because the system is broken. The operating models of the past are no longer relevant in the present, and are certainly not fit for the future. The complexity of the industry structure is a result of a lack of trust and an unwillingness to take accountability and responsibility. A continuous cycle of it being someone else's problem has created perverse behaviours, a risk-averse client group, and fatigue across the industry that has resulted in an ever-increasing lack of sensibility in decision-making.

Tan Dhesi clearly thinks he can do better, and quite rightly points to several challenges that need to be rectified in the rail industry: affordable fares; a service that represents current and future demand; a need to adapt and adopt to new technologies and global best practices; and an operating model that invites, rather than stymies, innovation. These aren't new challenges, however, and form the basis of the need for rail reform regardless of politics.

Dhesi points to public ownership of the railways to rectify these issues, but fails to recognise the extent of government influence already imposed across the industry, and the impact this has on private operators from truly innovating and providing a reliable, affordable, high-quality service.

Nationalisation of the railways is not needed. Simplification is - underpinned by a clear and publicly available set of metrics and expectations, holding the right organisations to account at the right time to deliver the essential service that the railways provide to society.

Reflecting on the Swiss railway model is useful, in demonstrating that a high-performing, integrated network for both passengers and freight is possible. We can certainly learn from their model of multi-modal integration, and seek to improve on how we timetable services - focusing on connectivity and frequency rather than speed, to maximise utilisation of capacity and service provision to customers. Similarly, regulating the right to public transport and setting service levels in law is a concept that we should seriously consider drawing upon.

However, one must query if the Swiss operating model is scalable to the extent of the British railway network, which has the same number of electrified track kilometres but is three times larger overall, which caters for over five times more passenger kilometres, and which is not subsidised to anywhere near the same level (the farebox covers less than half of the expenditure on Swiss Railways). Will a Labour government really prioritise the funding the railway needs in order to deliver a high-performing and reliable service to everyone in Britain? Does the government really have the time to transform the railways in the current and ever-pressured economic environment? Would it be possible to indoctrinate service levels and performance, and hold the government to account?

It shouldn't matter which political party makes the decisions, just that they understand the challenge, are decisive, and create an operating model that enforces and focuses on achieving a "simpler, better railway for everyone in Britain". Neither party is there yet, and we can't wait for an election to get started.



A New Year resolution: deliver for rail passengers

As individuals, we often reflect at this time on the year that's past... and look forward to the year ahead.

Looking back to 2022, in December we published new research (with Network Rail) into what matters to passengers.

More than 12,500 passengers from around Britain were asked to identify what matters most to them for rail travel. The goal was to update our understanding of passengers' expectations of the railway post-pandemic, in the light of changes to our ways of working and what will make a positive difference for passengers.

Difficult funding decisions and choices will be made this year. What matters to passengers should inform those decisions.

In looking ahead, we recognise that the past three years have been a turbulent time for both the railway and passengers. Dealing with the COVID-19 pandemic, rebuilding train services in its wake, and industrial relations problems leading to a reduced service on important routes have all affected the passenger experience.

We wanted to explore the impact of

that changing travelling environment on passenger attitudes and needs. To look ahead and incorporate what matters most to passengers in future decision-making, we wanted to examine the attitudes of lapsed passengers, and what is likely to have the greatest influence on them returning to rail.

YESTERDAY

It's easy to forget that before COVID-19, Great Britain's railways in the preceding two decades up to 2019 had recorded an almost doubling of passenger journeys. In 20 years, rail journeys increased year-on-year to reach a record 1.8 billion journeys in 2018-19. Our railways were increasing faster than any other mode of transport, and over half of all rail journeys in 2019 were for commuting.

In 2020, Transport Focus published *Rail passengers' priorities for improvement*. The research was undertaken prior to the railway (like the rest of our lives) being dramatically changed by the COVID-19 pandemic.

In the short term, COVID-19 had an impact on passengers' priorities - not least when it came to personal safety, space on

the train, and cleanliness.

From the first weekend in May 2020 until March 2022, Transport Focus undertook a weekly survey (fortnightly during quieter periods) to explore people's recent travel behaviour.

We conducted 2,000 interviews each weekend, asking whether people had made a journey in the preceding seven days, the ways that they made these journeys, and their reasons for travelling.

The questionnaire collected information on people's attitudes towards travelling at this time, with the top areas of concern being:

- Use of face coverings.
- Social distancing.
- Cleanliness of both train and station.
- Personal safety.
- Ventilation.

TODAY

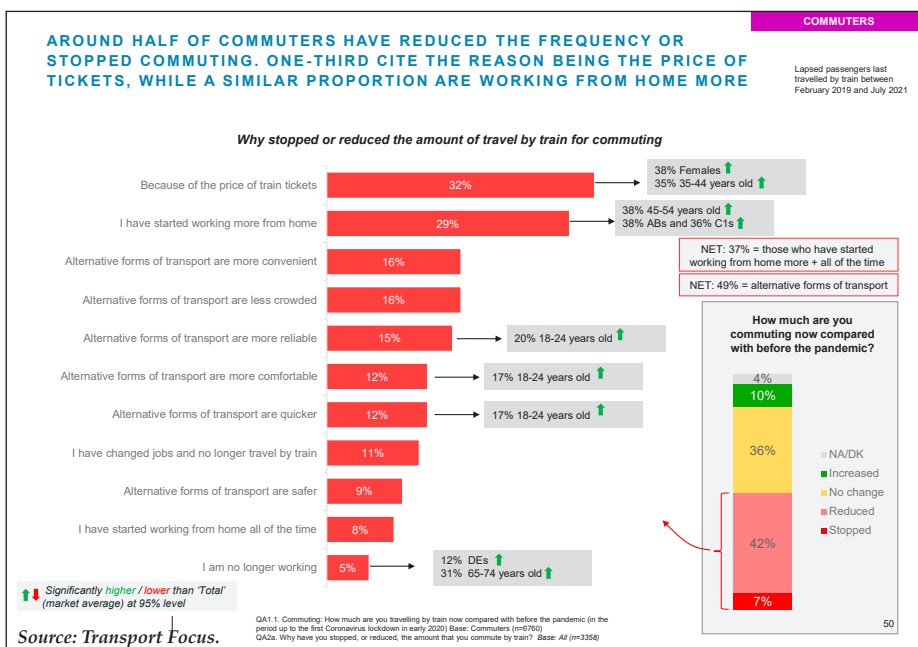
Over the past year, both rail passengers and train and station operators have continued to feel the impact of COVID-19. Nevertheless, passenger numbers were more than double the previous year, and the industry has worked hard to ensure that passengers can feel confident about the experience they can expect when travelling by rail.

One of the key issues facing the rail industry is the extent to which the commuting market will recover from the pandemic. Is working from home here to stay, or will we see a drift back to office life?

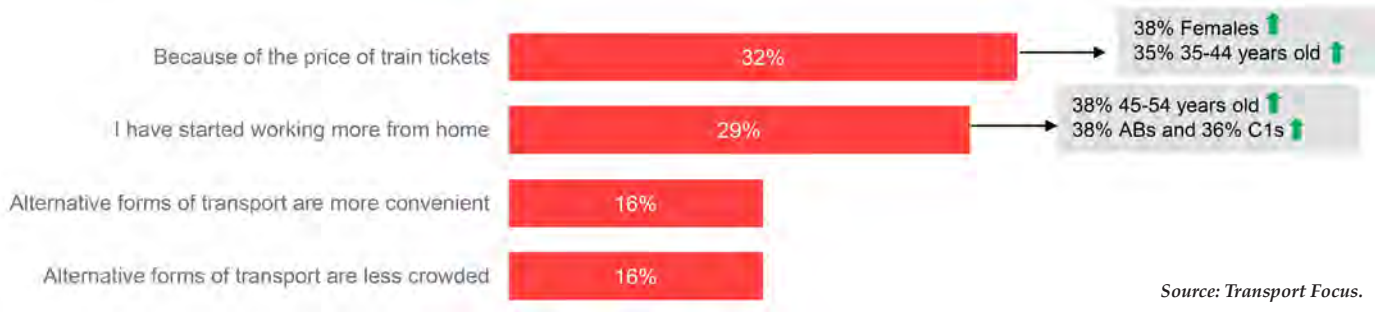
Working from home is now a genuine option for many people. In 2021, we published *Rail commuting and flexible season tickets*. This report found that most people who do not have to physically attend their place of work all the time say that they expect to work from home at least some of the time in the future.

And employers are generally supportive of working from home - seven out of ten of those who expect to work from home at least some of the time say their employer is supportive.

However, for the first time in many



What stopped or reduced the amount of travel by train for commuting?



decades, rail has overtaken flying as the most popular mode of transport between Edinburgh and London. Between April and August 2022, 57% of travellers took the journey by train instead of plane, compared with 35% pre-pandemic.

Rather than the new open access operator Lumo merely taking bookings from LNER, both operators have recorded an increase in demand compared with pre-COVID passenger numbers. These are positive signs for tomorrow's railway.

TOMORROW

Our new research into passenger expectations identifies passengers' priorities and then asks how they think the railway is performing against these priorities. This highlights where investment and effort can best be targeted by the railway in the next Control Period.

We also explore in more depth passengers' views on punctuality, reliability, engineering works, the environment, and accessibility.

Priorities remain consistent

The top two priorities for the railway - well ahead of others - remain value for money, and the reliability and punctuality of services. Regardless of the type of passenger, these two areas are almost universally regarded as the most important when they are travelling by train.

Improved value for money is also the feature which passengers are most likely to say would lead to an increase in the amount that they travel by train.

The research emphasises the importance of an affordable, punctual, reliable, frequent service on which you can get a seat or (at the very least) stand in comfort.

“Lapsed passengers have been significantly less positive towards train travel since the start of the pandemic.”

These form the 'core product' that passengers wanted to see improved. How well the industry delivers these will very much determine how passengers view the railway.

Put simply: if you want happier passengers, run their trains on time.

Journey purpose

The needs of passengers comes through in the main differences in priorities between journey purposes.

Leisure passengers tend to have more focused priorities - value for money, reliability, and getting a seat on a train. Business travellers have more varied requirements of the railway, with greater emphasis on (for example) good connections with other services, quick journeys, and reliable WiFi on trains.

Cheaper fares are the most significant factor in encouraging lapsed passengers back onto the railway. However, at the same time, the changing workplace - and in particular the growth in home and hybrid working - has pushed commuters away from the train.

The rise in home working is a significant driver for those who have lapsed or reduced their train travel. Around half of commuters have reduced the frequency or stopped commuting.

The main reasons cited are price and the ability to work from home.

Lapsed passengers and reduced rail travel With cheaper fares the most significant factor in encouraging lapsed passengers back to train travel, the cost-of-living crisis is likely making value for money a more important factor.

The cost of train tickets is the main reason why leisure passengers have stopped or reduced the amount that they travel by rail. Business travellers are travelling less or have stopped travelling for business because they are tending to use video calls instead.

Lapsed passengers have been significantly less positive towards train travel since the start of the pandemic, with safety the top priority - especially for those who are vulnerable.

Environment

The railway's ability to cope with adverse weather is the most important environmental concern among rail passengers. More than half of passengers think this is a very important area in which the railway needs to invest.

Across a range of environmental topics, young people consistently think that these are more important than older people.

Engineering work

Sunday is considered to be the least disruptive day of the week for railway closures. For longer-term work, a full one-week closure is preferred to six consecutive weekends.

Accessibility

Disabled passengers and/or those who are travelling with luggage often have different priorities to passengers as a whole. For example, the train's accessibility is the top priority for those who travel with a mobility scooter or wheelchair.

Accessibility factors and their improvement tend to benefit all passengers, not just those with accessibility concerns. For example, clear announcements and easy-to-use ticket machines were of highest importance in terms of making train travel more accessible for all passengers.

Funding decisions within ongoing financial constraints will influence tomorrow's railway.

A focus on what matters most to passengers, a greater understanding of the reasons why lapsed passengers have not returned to rail, and measures put in place to attract passengers can make this new year a year for the passenger. ■

About the author

Anthony Smith is chief executive of Transport Focus. He has held the post at TF (and in its previous guise of Passenger Focus) since July 2005.

Govia Thameslink Railway 700139 rests at the buffer stops at Brighton on September 13. The wheels are still very much in motion for Great British Railways, reports the GBR Transition Team. PAUL BIGLAND/RAILREVIEW.



Great British Railways: what happens now?

Legislation is delayed by six months. Some say the organisation is dead already. But the 200 people working for Great British Railways don't see it that way. **PAUL CLIFTON** listens to opinions

"Great British Railways is dead. And it should never have happened. Of course, I can never say this on the record."
That's one view. Here's another: "It isn't going to happen, quite obviously. I don't think it is completely dead - there is always something to come from the ashes."

And a third: "The Treasury is not at all convinced that GBR is a good thing. And if it was the right thing to do three years ago, when it was conceived, that doesn't mean it is still the right thing to do now. Progress has been minimal."

These views are increasingly representative of the opinion formers and decision-makers around the rail industry. They are not, however, even remotely representative of the people within GBR itself.

"We weren't in any way surprised by the delay in the legislative process," says Michael Clark, policy and transformation director at the GBR Transition Team (GBRTT).

"There is a six-month move back in the timelines. I don't think that translates as much real-terms delay. We are adjusting our plans. Aspects are still going forward. That still leads us towards what the legislation will enable us to do."

When Prime Minister Harold Macmillan was asked what he saw as his greatest challenge, he famously responded: "Events, dear boy, events."

That's still true today. GBR was proposed as a response to persistently poor performance. But that was before the pandemic... before a war in Europe... and before a cost-of-living crisis, with the Bank of England warning of the longest recession it has ever recorded. And before tax rises that leave even well-off commuters and leisure travellers with fewer choices.

Two years from a General Election, politicians are feeling precarious, and the railway has rarely been a contentious election issue.

The NHS, adult social care, defence spending, and schools running out of money are all higher up the agenda. Why should the railway end up in the Prime Minister's in-tray at all?

The Government has more pressing priorities than dealing with the railway's administrative structure. It doesn't have the money

or the bandwidth to take risks, and it doesn't trust the industry to manage its costs.

Against that backdrop, the need for coherent industry leadership has never been stronger or clearer: the railway is going to have to argue for every penny of public money, and it won't get what it wants.

The Department for Transport was very keen on the GBR concept at first. It became the prevailing industry narrative.

Initially, a handful of people set it up, under the guidance of Network Rail's leaders Sir Peter Hendy CBE, Andrew Haines and Anit Chandarana, Keith Williams and his head of secretariat Michael Clark, along with consultant Rufus Boyd.

Now it has a staff of 200, a large proportion of whom are on loan from across the industry. They include some of the brightest minds of their generation.

But where are they all heading?

IS THERE A FUTURE FOR GBR?

"I'm not expecting a strong, ass-kicking, GBR to emerge this year. Or next year. Or any other year," says Alistair Lees, managing director of Assertis and chairman of the Independent Rail Retailers.

"It needs to give up on the idea of telling everyone else what to do - being a centralised controller, because it knows best. No Fat Controller. And drop the bombastic name. It needs to become an enabler of change, one that can coax people along. It won't need a big shiny new headquarters.

"It cannot wait for legislation to come along. That is just going to be too slow. If it has to wait for 2024-25, that's five or six years since the pandemic started... which is no good at all.

"We're in a two-year recession. You can't leave the railway unreformed all the way through that."

Neil Robertson, chief executive of NSAR (National Skills Academy for Rail), says: "GBR was conceived by previous politicians who have now moved on. No new Secretary of State would want something that has Grant Shapps' name all over it - they will want to make their own mark.

"I've said all along that this should have been done by better regulation, rather than by a new 'guiding mind'. But the activities that GBRTT is pursuing are substantially directed at the right >



"How quickly and excitably the death of GBR was written by the newspapers! We were quite sanguine about it. There was a frisson behind it that we didn't understand. People were saying GBR was buried, but we don't see it that way. We are pushing forward, although more slowly. Nothing too much to read into it, in my view."

Michael Clark, Policy and Transformation Director, Great British Railways Transition Team



"I've said all along that this should have been done by better regulation, rather than by a new 'guiding mind'. But the activities that GBRTT is pursuing are substantially directed at the right questions. And the work needs doing, regardless of the name above the door."

*Neil Robertson, Chief Executive,
National Skills Academy for Rail*

► questions. And the work needs doing, regardless of the name above the door.

"The analysis on what the future holds, how the railway is made cheaper, modernising and improving the workforce - these are the right things. I don't care what the name is. I'm just glad these activities are happening."

Steve Medhurst, head of the rail account for insurer RSA, is another sceptic about GBR's future. "This was very much Boris's baby. I think the six-month delay is more about giving the Government time to review what it really wants to do. My view is it will do away with GBR and continue to fudge it.

"They can't go back to the old system - it was broken, and everybody recognises that. But we are at a golden moment where we can redesign the railways to be fit for purpose post-COVID. We don't need a Monday-Friday peak commuter service now, so a complete rewrite of all the timetables is needed.

"The phrase in the City, 'Thursday is the new Friday', is so true. On Fridays, the City is empty. Where I work, you can count the number of staff in the whole office on two hands. It's nearly the same on a Monday. There is fundamental change.

Meanwhile, we have one of the most modern rolling stock fleets in the world, because of privatisation, so we aren't going to need many new trains for a few years. There is nothing to stop us getting on with this redesign.

"But first, the industry has to learn from the industrial dispute. All the good messaging has come from the unions. The industry is not good at publicising its position or working as a team, presumably because it needs approval from the Department every time it opens its mouth.

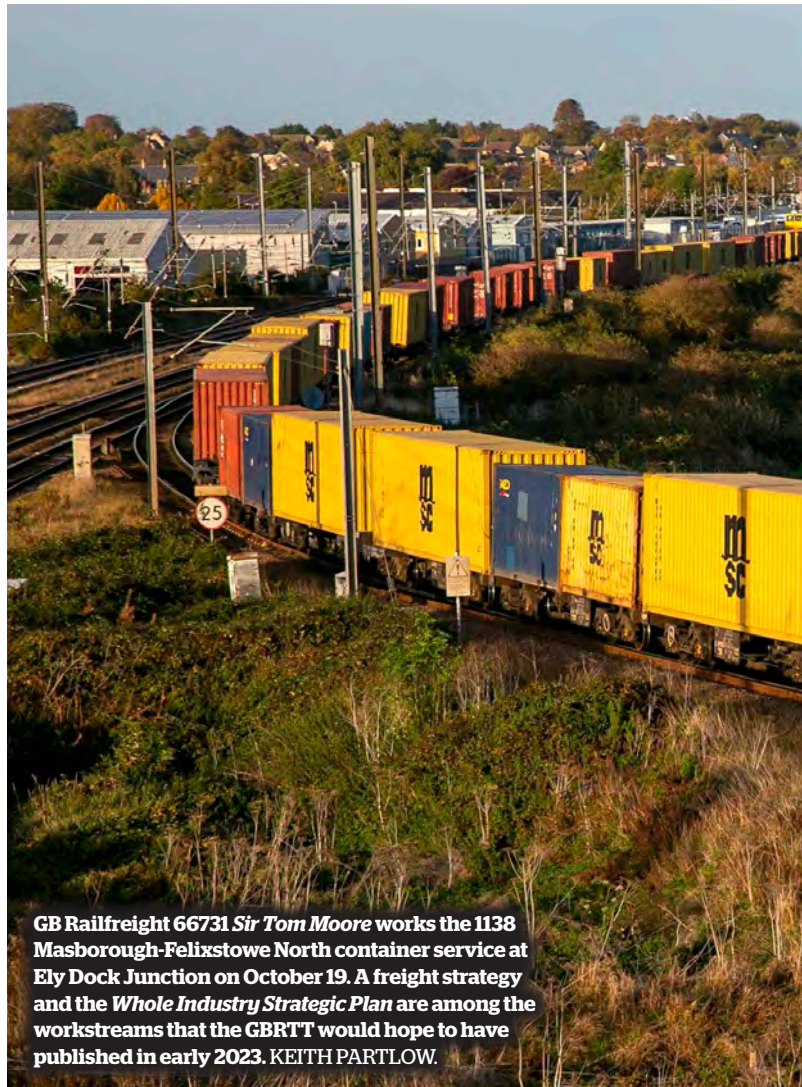
"So, the public only hears about the bad stuff - the strikes and the politics. GBR has been completely silent in all this."

Alistair Lees adds: "The least likely bit to survive is the Whole Industry Strategic Plan. It's right to have a long-term vision. But planning 30 years ahead in a pandemic and a recession is just guesswork. It won't officially be dropped - it will just fall by the wayside. Because that is what happens to most railway reports and reviews.

"If anything is going to survive from GBR, it's the ticketing and retail reform. There's a trick missing here. Fares and ticketing are the cost and access mechanisms to travelling. I'm not convinced that travellers are well-served by continuing to have many train operators with many brands and many products, and many different levels of service.

"If we want customers, we have to go out and market to them. That job would be much easier if there was a common product. GBR wouldn't have the power to impose that, so it will have to guide, rather than impose.

"If you're a TOC, what is a brand to you now anyway? It doesn't really matter to you. It only matters when you are a revenue-risk organisation. Now you are the deliverer of a service on behalf of someone else. That has been true for two and a half years now."



GB Railfreight 66731 Sir Tom Moore works the 1138 Masborough-Felixstowe North container service at Ely Dock Junction on October 19. A freight strategy and the Whole Industry Strategic Plan are among the workstreams that the GBRTT would hope to have published in early 2023. KEITH PARTLOW.

Lees argues that "the Treasury has been scared of big-bang fares reform for some time", noting: "You can't make an omelette without breaking eggs. If a million customers do well from a revenue-neutral fares reform, a million will do worse. And the only people the Treasury will hear from are the one million unhappy people. So, instead, everything keeps getting more complex. And more complex is always worse.

"We need a different approach. You need legislation to be an enforcer, to boss others around. You don't need legislation to be a persuader. So, let's all agree that big-bang fares reform is dead. GBR need to think about who they are, what they are, and how they behave. They need to work with others, and not act as if the



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Steve Medhurst, Head of the rail account, RSA



opinions of others are not that important.”

Cara Murphy, GBR client director at consultant Atkins, counters: “GBR is a necessity. While this might not fit the original intention in 2019, it very much needs to be done. It’s a concept and not yet a detailed design.

“One of the biggest failures of the existing structure is the inability for decisions to be made without considerable amounts of governance and processes, which create inefficiencies and add cost. We are in a spiral of not making decisions.

“There needs to be a fundamental shift in culture and a significant increase in commercial maturity, instead of allowing a shifting of risk, blame and accountability to the point where nothing actually gets done.”

And GBRTT Director Michael Clark observes: “How quickly and excitably the death of GBR was written by the newspapers! We were quite sanguine about it. There was a frisson behind it that we didn’t understand.

“People were saying GBR was buried, but we don’t see it that way. We are pushing forward, although more slowly. Nothing too much to read into it, in my view.

“We are still up for it. But it is, of course, still subject to any decisions by the new politicians.”

ONE PROFIT AND LOSS ACCOUNT

“The Treasury takes the income. The Department for Transport makes the expenditure. So, the point at which profit and loss converge sits with the Prime Minister. Which is bonkers!” says NSAR’s Neil Robertson.

“We have to make a compelling vision of what an industry based around one single profit and loss account looks like. That has to be

made patently obvious to the Treasury. We have to get this process out of No. 10 Downing Street, and back into No. 11. And then move it to the Department for Transport. And then on to whatever becomes of Great British Railways.

“Easier said than done... but this is a winnable argument. The real prize is that you overcome one of the big barriers to productivity. The existing contractual relationship is a huge barrier. You just cannot save money without having a look at income and expenditure together.

“For example, we could double the productivity tomorrow with a different kind of arrangement to the hated Schedule 4 and Schedule 8 system - the whole delay attribution nonsense.

“The whole point of one P&L account is to review projects in their wider context - as any other business would do: reviewing cost now against revenue over the years ahead. The railway cannot do that. Imagine a private company that never reviews its own overall performance!

“With one P&L, you can align rolling stock, maintenance, people strategies, digital signalling - all the different areas. At the moment, we exist on a series of tactical reactionary decisions. It is piecemeal, and the result is insufficient and inefficient investment. Opportunities are being lost.”

Michael Clark of GBRTT responds: “One P&L is a key part of reform. Our aim at GBR is to be quite devolved. We want to invest one P&L profit centre at regional level, where you’re on the hook for both revenue and for saving money.

“At the moment, that doesn’t happen below Prime Minister level. Treasury is on the hook for revenue and DfT is on the hook for most of the costs, so you get decision-making that is driven separately by those two streams, and not driven together. That means unintended or perverse consequences can happen.

“This is the whole point: to balance those two in the most efficient way possible, by people who understand what the real drivers and consequences are. No one comes up with a solution that is best for the railway as a whole, for passenger satisfaction or for costs. Every normal business looks across revenue and expenditure to balance the books. The railway does not do that.

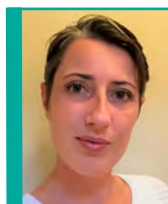
“There is a team designing that one P&L. We have a couple of routes where we are putting that together to test it. I have a team working on what might replace the Network Code and the access and management regulations when the ‘guiding mind’ comes.”

SUPPLY CHAIN FEARS

The last thing the rail industry supply chain wants is more delay and obfuscation. It craves certainty.

“We don’t want this hiatus,” says Darren Caplan, chief executive of the Railway Industry Association.

“We don’t want important decisions delayed by administrative debate - that is the biggest threat to our members. Our understanding is that GBR will happen, but at a later date. How much later? There is going to be a General Election, mostly likely in spring 2024. Who knows what that means?”



“One of the biggest failures of the existing structure is the inability for decisions to be made without considerable amounts of governance and processes, which create inefficiencies and add cost. We are in a spiral of not making decisions.”

Cara Murphy, GBR Client Director, Atkins

► In mid-November, RIA published a poll of 160 members. It found that 77% of suppliers think a hiatus in rail work over the next 12 months is either “quite likely” or “very likely”. The implication is that they would put their investment elsewhere, or invest less, as they lack business confidence.

Caplan adds: “So the delay itself is causing concern. And there is uncertainty over what happens to policy between now and whenever GBR comes in. There’s a concern over the long-term strategic plan, which GBRTT is developing.

“What is the plan on decarbonisation? What is the plan on digitalisation? Not only do we have an issue about an overall structure, but also about elements within it that Government has previously said it was committed to, such as getting diesel trains off the rails by 2040, and net zero by 2050. We don’t know the plan to get there. It is well known that we need to replace 65% of signals within the next 15 years. What is the plan?”

RIA agrees with the principles behind GBR: the bringing of track and train closer together, the single profit and loss account.

It also supports the concept of the Department for Transport giving strategic direction and then leaving rail experts to make the day-to-day decisions in a devolved structure. But the strategic direction is the bit that is missing.

“We think it is really important that GBR is open and transparent about how its plans develop,” says Caplan.

“If there is a delay, we need to know the new timetable. We need a partnership approach - we should be involved. We need to know where private funding will help, and to what extent. We need GBR to be a guiding mind, and not a controlling mind.

“Ninety-seven per cent of people who used rail before the pandemic have returned. They have returned differently, but most people I speak to are now in the office three or four days a week.

Engineering work takes place at Chesterfield on July 2. The Railway Industry Association has warned of a substantial drop in investment from the supply chain until the future of rail reform is resolved.

ROBERT FALCONER.



“We need to know where private funding will help, and to what extent. We need GBR to be a guiding mind, and not a controlling mind.”

Darren Caplan, Chief Executive, Railway Industry Association

Only 8% of previous commuters now work from home all the time. So, we have to be careful not to base our structural decisions on what we see now, because it is still clearly evolving.

“In this interim period, we need clarity about who is responsible for what. We have Network Rail, the GBRTT, other rail clients including the devolved administrations, and we have the Department for Transport as well as the Treasury. If this is a longer delay, if we are not going to get full legislation passed in this Parliament, what are the roles of each of those bodies going to be in the interim? That is something we could all do with knowing.”

GBR RESPONDS

“To some extent, the delay in legislation is welcome, in that we can prepare better,” says Michael Clark.

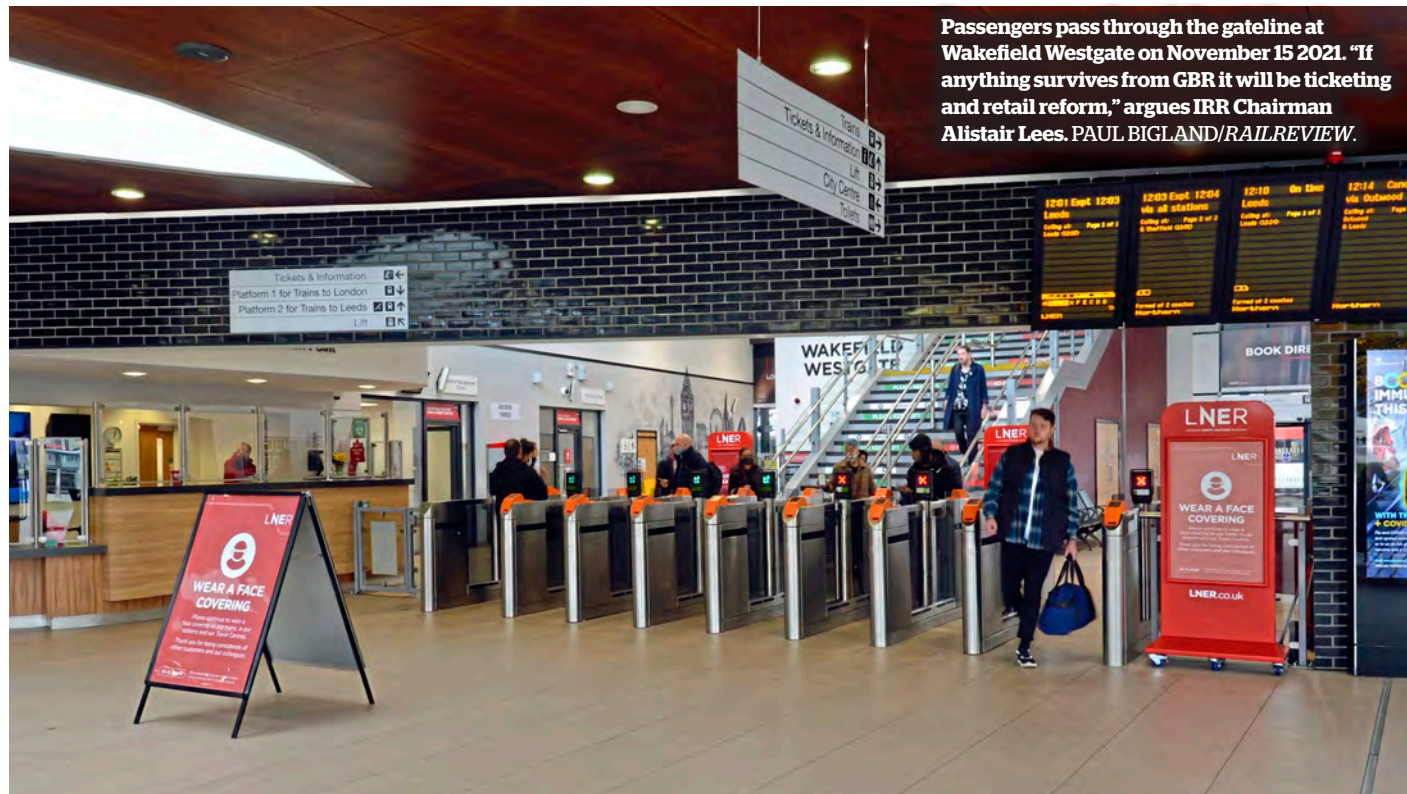
As policy and transformation director at GBRTT, he is one of the key architects of the new structure. He worked closely with Keith Williams to draw it up, as part of the Williams Review secretariat.

“We still need to get a Bill into Parliament. We rely on the Government for that - it isn’t within our gift.

“But most of our work continues. We are working on a long-term strategy for the railway - formerly known as WISP, the *Whole Industry Strategic Plan*, which looks 30 years out. We are looking to have that framework ready at the end of this year or early next year.

“We will have a freight strategy. We are analysing responses to a consultation now, so we can go to the Government with options. If





they pick that up, we can move quickly. And we are working on a national accessibility strategy - there is a plan for a consultation on that next year.

“Overall, we are discussing where we can move forward towards building capabilities towards GBR.”

Hang on. Go back and read that again. Does that actually mean anything?

“We are a government programme,” Clark explains. “All of this is subject to government decision. We need to wait while the Government re-establishes itself and becomes clear about what it wants to do. That’s partly why we have a six-month delay.”

Working at GBR sounds rather frustrating...?

“It is interesting working with the range of politicians on this. I am reasonably confident of saying that the railway system is in dire need of comprehensive reform. Lots of it is still working the way it was nearly 30 years ago, when the privatisation plan was devised. It has been tinkered with, pushed in different directions, and finally it has been wiped out by the pandemic.

“Which I think only makes our work more urgent. Sticking plasters won’t do it any longer. It needs a comprehensive remodelling. And we work on the existing premise until we are told not to.

“Ultimately, we require legislation to transfer the franchising power that is currently vested in the Secretary of State, so that can be put alongside Network Rail’s infrastructure management to give an integrated railway.

“We need to see the political appetite for how fast they want us to go over the next 12 to 18 months.”

In the meantime, says Clark, GBR is already doing some of the ‘guiding mind’ capabilities. He’s talking to Transport for the West Midlands and Transport for Greater Manchester about a new regional partnership, which could include some shared pay-as-you-go areas.

“There are lots of strands of work going on. A significant expansion of pay-as-you-go, to 700 more stations, is coming in the next couple of years.

“We are trying to take forward a consolidated retailing unit - dealing with the frustration of not being able to buy from the National Rail Inquiries website, but getting forwarded onto the various operator websites, which are of widely differing quality and ease of use. At the same time, we want to stimulate the third-party retail market.

“We are looking at how we can accelerate that, stripping away a bit of bureaucracy. We can use the next six months to do that, because none of it requires legislation.”

But, for now, the GBR leadership remains on loan, as do most of the seconded staff. Clark thinks a permanent chief executive and chairman will be pegged to the legislation process: the top talent would be unlikely to sign on the dotted line for an organisation which still rests on uncertain political support, and one without legal status.

He says diplomatically: “Better to rely on the current actors until we get onto that stage. We are all here temporarily, and we have other desks we can go back to.”

RISING FROM THE ASHES

The Bank of England expects the recession to bite harder through 2023. As the Government trims public expenditure, and as passengers feel less money in their pockets, the railway is going to find the going tough. Stagnation and under-investment seem inevitable.

“There is a gap in Britain’s budget of £40 billion or more, so expensive change will fall off the agenda,” says RSA’s Steve Medhurst.

“There is too much Treasury involvement now, which is hindering rather than supporting the railway. The Treasury is archaic in its thinking, and it is the biggest block to reform of fares and ticketing. The railway needs the freedom to get on with it, but GBR will simply run out of political time to be implemented. An easy project to bin ➤

“The Treasury is archaic in its thinking, and it is the biggest block to reform of fares and ticketing. The railway needs the freedom to get on with it, but GBR will simply run out of political time to be implemented.”

Steve Medhurst, Head of the rail account, RSA



“The one bit of ticketing news that we have seen in 2022 is a punishment. You will be punished to the tune of £100 if you get a choice wrong. That is the only national-scale ticketing promotion you have heard, since Flexi-Seasons were offered a year and a half ago. This is just terrible.”

Alistair Lees, Chairman, Independent Rail Retailers

► when the Government has more pressing priorities.”

NSAR’s Neil Robertson notes: “At some point, a decision will have to be made on whether the Government wants GBR in a new form, or whether it gives the existing lot another go. Now we’ve had some time for reflection, we might be able to devise a new structure to guide the industry.

“But the activities GBR does are needed now more than ever. It was excellent that the industry secured the opportunity to have a Shadow GBR. That was a wise move.”

So, what will it be? The Government has perhaps five options:

■ **Option 1:** Carry on with GBR, exactly as proposed. Everything you’ve seen so far, except from GBRTT itself, suggests this is becoming less likely.

■ **Option 2:** Change the name, give it a different shape, but keep the underlying concept. This organisation lets the train operating contracts and manages infrastructure. Seems pretty likely.

■ **Option 3:** Go back to split track and train management, with separate profit and loss accounts. This is an unlikely outcome.

■ **Option 4:** Nationalise everything, as the unions demand. Shunt GBR into the Department for Transport. Hard to imagine, even under a Labour government, given the cost to the taxpayer.

■ **Option 5:** Privatise it all. Get it off the balance sheet - a bit like the National Grid, under very strong regulation that creates incentives to invest. This will have some supporters, but it would split opinion on party political lines, making it undeliverable.

“The fundamental choice here is how the Government sees the role of the private sector,” says Robertson.

“Does everybody think the private sector will continue to provide infrastructure services on a contracted basis? Not even Labour disagrees with that. So, the private sector’s place in infrastructure is secure.

“Why, then, are we asking so many questions about the role of the private sector among operators, when other private sector operations patently work fantastically well? See airlines or logistics.

“It’s the short-termism of the train operators that has been disappointing, and that’s what has to be changed. We created monsters through inappropriate structures and regulation.”

Atkins’ Cara Muprhy observes: “You don’t need legislation to change the culture of not taking responsibility. We need to be more open and communicative. It really isn’t that hard to have the right conversations. Don’t fumble through.

“GBRTT seems to be a collection of very intelligent people with a lot of experience. But, as a consequence, are they bold enough or transformative enough? It seems like they are afraid to fix properly what is broken.

“The railway has to be more cohesive, more collaborative, more to the benefit of society as a whole. It’s the most important element in all this, and it is in danger of not happening.

“I understand that we need revenue now, and that significant reform takes a few years to settle for the revenue benefits to filter through. But you need to spend money to make money: I don’t

think this will be as transformative or as exciting as everyone would like or expect it to be.”

Alistair Lees concludes: “This is the opportunity to create a much more sellable product. GBR is not being a driver of revenue. This is a cultural shift that it will find hard because it is still chomping at the bit to control things, and that is wasting time.

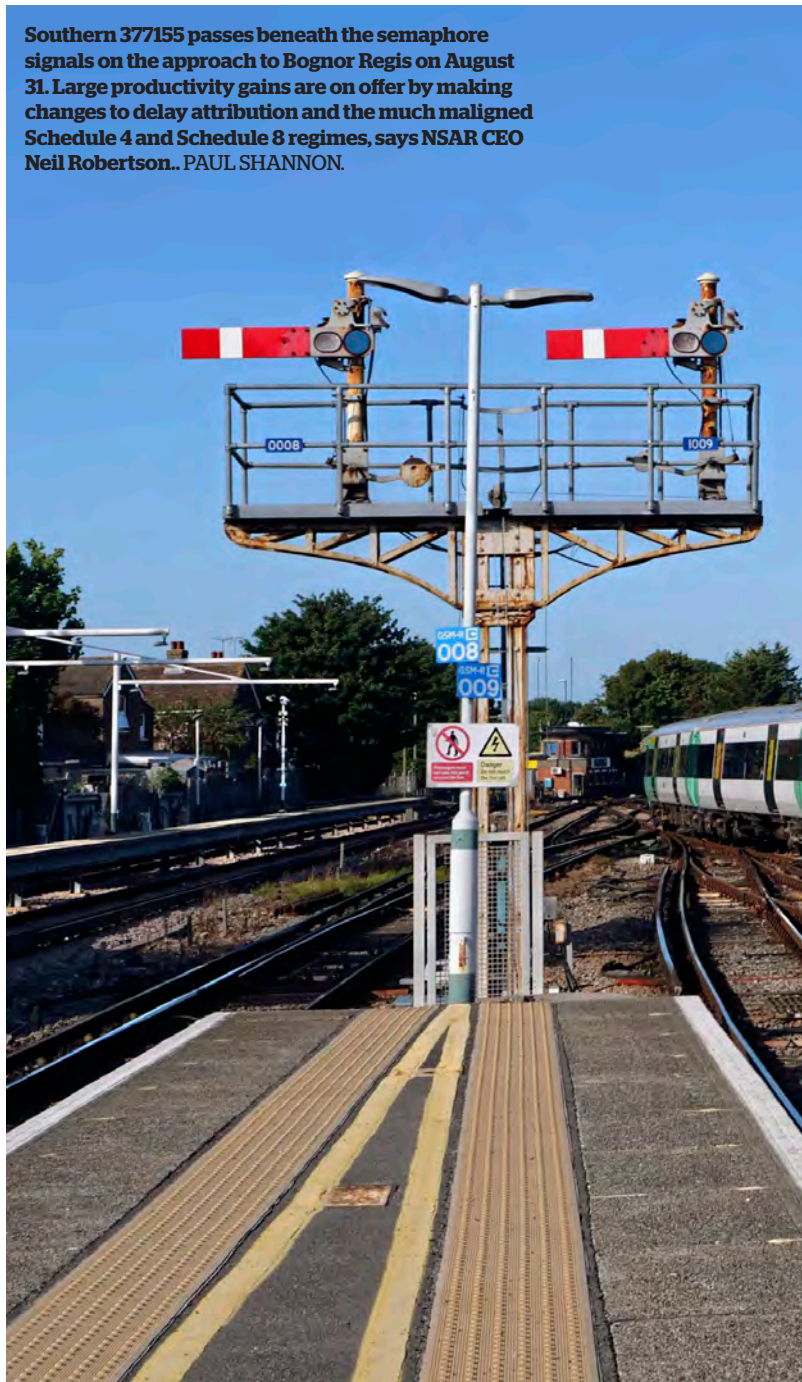
“GBR needs to enable others to generate revenue, and it needs to undertake cost control. It needs to be a persuader.

“There are straightforward things it can do, such as a much stronger family or group fare offer. There are somewhere between 40 and 100 different products around the country. That is ludicrous. How can you market that? I have no idea. How can you explain to people why they are eligible for one, but not for another? I have no idea. It’s really stupid. It is ripe for rationalising.

“We have railcards to stimulate demand. But there are 15 national ones and about 50 regional ones. They are all serving little groups of people. Simplify it. Even if it becomes a little more expensive, it will be more useful.

“The one bit of ticketing news that we have seen in 2022 is a punishment. You will be punished to the tune of £100 if you get a

Southern 377155 passes beneath the semaphore signals on the approach to Bognor Regis on August 31. Large productivity gains are on offer by making changes to delay attribution and the much maligned Schedule 4 and Schedule 8 regimes, says NSAR CEO Neil Robertson.. PAUL SHANNON.



“It’s the short-termism of the train operators that has been disappointing, and that’s what has to be changed. We created monsters through inappropriate structures and regulation.”

Neil Robertson, Chief Executive, National Skills Academy for Rail

choice wrong. That is the only national-scale ticketing promotion you have heard, since Flexi-Seasons were offered a year and a half ago.

“This is just terrible. In any other business, if the only customer initiative you could come up with was a penalty for a mistake, you would definitely be sacked.

“There is a lot of desire within GBR to do fares and ticketing reform, to be fair. But they are finding it heavy going. They need to park the ideas that try to change the world, and get on with collaborative projects that are actually achievable.

“There are some great people at GBR. But the organisation as a whole has no credibility. That’s because it has talked down to people, instead of talking with them, for a year and a half now. And

it has nothing to show for that - the credibility gap is widening.

“UK rail is mostly vested interests fighting for their own corner and stabbing each other in the back. This is Government’s problem to solve. There is no vision in Government for how rail should really be.

“I’ll suggest to you what the vision should be: where rail is an option, people choose to use it. We are very far from that goal, and it is getting further away instead of getting closer.”

In that summary lies GBR’s future. Through a summer of strikes, through rising inflation and a cost-of-living crisis, through changing patterns of work, the people who were accustomed to travelling by rail are now getting used to not travelling by rail.

Their trust and loyalty are easily lost... and hard to win back. ■



Scrap G, B and R... and concentrate on reform

Network Rail's newly ennobled chairman **LORD HENDY** explains why he is no longer talking about Great British Railways, and tells **PAUL CLIFTON** why he's convinced that reform of the railways will go ahead

I have stopped using these three words: Great British Railways," says Peter Hendy - now newly named a peer.

"In the previous world of Boris Johnson as Prime Minister, Andrew Gilligan as his adviser, and Grant Shapps as Secretary of State for Transport, they were very much headlined on GBR and what it represented - right to the point of having a competition for where the head office would be.

"We don't know, but we wonder whether that might be the right approach for what is now the third government since the summer.

"So, Andrew Haines [Network Rail Chief Executive] and I have taken to calling it 'Reform'. Because that is what Keith Williams' report is all about."

Hendy is clear: the project is still firmly in place, it just won't have the same title - a consequence of political upheaval. Grant Shapps had put his name on the front of the document. Any incoming Secretary of State would have their own name on the cover instead.

"Had Boris stayed in office, and had Grant stayed, I think we would have been on course for legislation in this session of Parliament.

"Then we had Anne-Marie Trevelyan and Kevin Foster. By the time they left, they had at least begun to grasp the necessity of reform. And now we have started again, but in better circumstances.

"None of us had met Mark Harper, the new Secretary of State, before. The single meeting Andrew and I have had with him was very fruitful. He is evidently bright, evidently analytical.

"Even better, we have Huw Merriman as Rail Minister. Huw is no stranger to us. We are really pleased to have him. He is absolutely 'on message' about the need for reform and the need to save money."

Merriman has been chairman of the Transport Select Committee for the past three years. In office for just seven weeks, Anne-Marie Trevelyan announced to his committee that there would be a six-month hiatus in the legislation to create Great British Railways as a new institution, into which Network Rail would fold (RAIL 969). Hendy suggests the delay might well be longer.

"Neither the previous Government, nor the new one, have been able to tell us when the legislation might be. You'd have to speculate rather than me, but I think there is quite a lot of legislation they will struggle to get through in this Parliament. But whether or not there is a Bill, Huw is clearly acknowledging the need for reform.

"We cannot carry on as we are. It is quite evident the industry is unstable. And nobody knows what else we're supposed to do. If you don't do the reform as set out by Keith Williams, what else could you do that would save money, make the railway better, and all in a reasonably short space of time?

"The Treasury is looking for quite major cuts in spending. The only other option is to put fares up, cut services, or both. And that's an unviable political prospect, as well as a

disastrous prospect for the railway.

"We're going easy on the name GBR, because it was clearly the invention of Shapps, Gilligan and Boris. But we are not going easy on the prospects of reform."

In the meantime, Hendy says, the Great British Railways Transition Team can get on with their work - in particular, rationalising ticketing, information and retailing. He says the Treasury has already acknowledged that the work has a good business case.

"We should also get on with devising the medium-term contracts for train operators. They are greatly concerned by the absence of progress on that subject - they don't know what the next set of contracts will look like.

"Although it's a little bit messy, a body like GBRTT could take over the contracting process, provided it is still the Secretary of State who takes the final decision to award the contract.

"It would be better with legislation. And that would make the regulatory position easier. The regulator can't not do what it is statutorily obliged to do, just because the Government now has a different policy. But you can get quite a long way."

What will happen to the *Integrated Rail Plan*, the "biggest ever" (according to Grant Shapps) £96 billion programme to improve connectivity across the North and Midlands? Budgets are being squeezed by the new Chancellor.

"The difficulty is that it is a bloody huge plan. But very little of it was actually costed. And none of it has a business case.

"If you said to the Prime Minister and Chancellor: 'do you intend to give greater connectivity to the north of England to improve economic performance, jobs and housing?', they would say 'yes'.

"The problem is that we are not at the stage where anything, other than the Transpennine Route Upgrade, is deliverable in the next period. Part of the issue is that everybody wants everything, but none of it is near-term."

Across the industry, it has been widely said that the Treasury does not trust Network Rail to cut costs. It hasn't really trusted Network Rail since the botched Great Western electrification project.

And successive Governments have side-stepped long-overdue fares reform, because of its complexity and the unpredictability of the impact on future revenue. There would be winners as well as

"We're going easy on the name GBR, because it was clearly the invention of Shapps, Gilligan and Boris. But we are not going easy on the prospects of reform."



RAILWAY INDUSTRY ASSOCIATION

losers, and losers could complain at the ballot box.

However, Hendy reckons the industry is now trusted by the Treasury: "The Treasury is not generally enthusiastic about anything that costs money. But I think the Treasury wants us to get on with this faster, because it's the only way it thinks we can save any money. The signs we've had are they accept there is a decent business case.

"One of the problems caused by the industrial dispute is that they're announcing the closure of ticket offices before anyone has reasonably been able to tell people what the replacement system will be.

"Just abolishing ticket offices, as I can assure you from my experience at Transport for London, is not what it is really about. It's a different fares system, it's better ticketing, and above all it's more trust from customers in the system by which they are buying. The consequence ought to be saving both money and ticket offices."

The Network Rail chairman has just stepped up from being Sir Peter to becoming Lord Hendy. He will take his place in the House of Lords on December 12, and expects to make his maiden speech in January. He will be a Crossbencher, meaning he is not affiliated to a political party. His title will be Lord Hendy of Richmond Hill, of Imber in the County of Wiltshire.

Hendy remains, at heart, an enthusiast. How does he retain that enthusiasm through all the difficulties of restructuring, through the battles with his staff, through the challenges with his train operators and the revolving door of politicians - all while 'shovelling the proverbial stuff' each day?

"If you want a job that gets good media, working in transport is the wrong place. A bit like working at the BBC, Paul! Why do we do it? Because it's a bloody good thing to do. I am relentlessly enthusiastic.

"The reason why every government in the last 20 years has been really keen on investing in the railway is that they have no alternative to the connectivity benefits it brings, in terms of economic growth, jobs, housing, social cohesion and the environment.

"Road schemes - demonstrably with the A303 at Stonehenge - are not the answer, are they? They take even longer, and they are unpopular with the public.

"Look at the *Integrated Rail Plan*. The reason it was unpopular was not that people thought it was a waste of money. No, they were hugely anguished because it was only £96bn and not £107bn!

"The railway is really durable. We have a few strikes at the moment, but look back across the decades and these have not been frequent. The railway has coped with recessions, with wars, with the rise of cars, and with all sorts of social change, including working from home and digital connectivity. And yet here we are after a pandemic, with revenue still at 80%! That is an incredible story.

"Here's something the strikers should perhaps reflect on. This is one of the few occupations left that can be a job for life, should you choose it. Not even the BBC is like that, is it?

"If you're prepared to get trained, to pick up new skills, to work in different places, the age profile of this industry is such that you will be guaranteed work for the rest of your life.

"I don't think there is any prospect of any station closing in Britain for the rest of my life. I think the politics of that would be so lousy, no one would do it.

"There's a Chiltern train that runs on a Wednesday from West Ealing to West Ruislip - a replacement for a GWR service that used to run from Old Oak Common, right? It can't run now because there's a battery train project. The Department for Transport is going to replace it with a bus, because it doesn't want to go through the politics of a railway closure, a curve at Greenford.

"Teesside Airport hasn't got any flights, but it still has a station. [It has one train a week, and in one direction only.]

"Grant Shapps told me the reopening at Okehampton was the best day of his career at Transport, because thousands of people turned out and they were happy. For them, the railway put Okehampton back on the map. It meant Okehampton mattered. They could get to Exeter without a car.

"Connectivity matters. This is telling you something about the state of the railway - it is grounds for optimism.

"So, that reform agenda: rip the cover off, because it has Grant Shapps on it. Read it again. From the Treasury's point of view, there is no other way it could save £1.5bn from the railway in the next handful of years.

"It is so evidently the right thing to do, that it is really hard to be pessimistic about the chances of it happening." **R**

Great British Railways



Darren Fodey

Partner, Rail team, Stephenson Harwood

These pieces on GBR raise plenty of interesting discussion points - the kind where I'd love to be in a room with others in the industry, to discuss in more depth.

I'm inclined to agree with Paul that keeping the underlying concept while changing the shape of GBR (or whatever it might be called - perhaps Network Rail 2.0?) now seems to be the more likely way forward. Of course, until there is legislation, NR2.0 is actually just the DfT. Anything NR2.0 does which needs to rely on existing DfT legal powers will need DfT buy-in, approval and governance processes.

When it comes to the purposes of the legislation, it is not only as an enforcer, as Alistair Lees mentions. Legislation is also an enabler - for example, facilitating the right assets being in the right places at the right time, and giving the right entities the powers they need to fulfil their functions.

Legislation is still needed to enable the future industry to operate. It will ensure that GBR/NR2.0 has the power to employ its own staff rather than rely on intra-industry secondments, perhaps increasing buy-in to outcomes and addressing the point made in Michael Clark's diplomatic comment that "we are all here temporarily, and we have other desks we can go back to".

It may be that politicians are hoping for a cleaner page as the starting point if retained EU law falls away at the end of 2023 - as envisaged by the recent Retained EU Law (Revocation and Reform) Bill, although this proposed 'sunsetting' provision has been widely criticised. This might explain Clark's reference to replacing the access and management regulations when the 'guiding mind' comes.

All of this highlights a key theme mentioned by both Lord Hendy and Michael Clark: politics. The moment Grant Shapps' name went on the front of the *Williams-Shapps Plan for Rail* (the Plan), it was almost inevitable that reform would not be delivered in the way envisaged by that Plan. Changes in government and Transport

Secretary open up the opportunity to revisit, re-evaluate and revise.

One of the intended outcomes of the Plan was that "central government should not be so closely involved in operational decisions". Of course, to move to the new delivery model, a highly political central government process of legislation has to be followed, with the risk identified by Steve Medhurst that time simply runs out. Plenty of good work has already been undertaken by talented individuals to get GBR set up, but as a "government programme", politics prevails and will dictate what happens and when.

Stephenson Harwood's recent market research highlighted that general uncertainty and an inability to plan was one of the biggest issues facing the industry right now - and this is also seen in Darren Caplan's comments. As one respondent to our survey commented: "A sustained and simple policy which is allowed to be followed through by industry, and it has the confidence in enough to invest in, is needed now."

Visible progress does need to be made - and soon. Which is why Lord Hendy's comments about reform still being the right thing to do in order to save money, make the railway better and in a reasonably short space of time, are reassuring.

Change is needed: Keith Williams made that clear. I agree with Cara Murphy on the need for change, although my view is that while GBR may still currently be a concept, the industry does need the detailed design, or at least visibility of how that detailed design will be developed and the timescales for doing so. And that too needs to happen in a reasonably short space of time.

One of the current difficulties is the perceived lack of visibility and engagement. One respondent to our survey commented: "The engagement has not been deep engagement. There has been engagement on a set idea rather than open collaboration."

Alistair Lees' comment is similar: "That's because it has talked down to people, instead of talking with them, for a year and a half now."

Collaboration and partnership working requires good working relationships to be in place. For contracts to be successful, they need to encourage the right behaviours and properly allocate risks and responsibilities to the party best placed to manage them. In order to set the industry up to be successful for the future, the foundations need to be strong - and I would encourage GBR/NR2.0 to do more to engage in more meaningful discussion with the industry. I also share Lord Hendy's concern about the absence of progress on the future

The article rightly recognises that the industry (and the country) has come a long way and is operating in a very different environment to the circumstances which existed when the Williams review commenced in 2018.

Even since the White Paper in May 2021, when the Williams conclusions were adjusted to become the *Williams-Shapps Plan for Rail*, economic and social changes have continued to be rapid. And the points in the article concerning uncertainty about passenger and public demand patterns, public finances and private sector investment continue to be unresolved.

With a new government, unanticipated legislative priorities arising from energy and international matters, a shortening timescale for reform before the next election, and a likely protracted recession, it is perhaps not surprising (and objectively sensible) for there to be ongoing assessment of whether the plan remains the preferred solution in its original form and what the best short term 'wins' are. However, there will never be a smooth period of stability with clear visibility of future needs and trends.

If any reform is ever to be implemented, the industry will need to avoid a counsel of despair about the difficulties of restructuring, and instead come together to take forward a cohesive plan (likely



Ian Tucker

Partner, Burges Salmon LLP

one of those outlined as the options in the article). It is perhaps most important that one such solution is selected, clearly supported and presented to allow all stakeholders to get behind it.

The innate flexibility of the original plans (the White Paper did not set out a fully detailed solution to all aspects of restructuring) is potentially of some practical assistance here, allowing adjustment to the detail of the reform - as is the fact that the majority of the key practical changes can likely be implemented without a new Act.

It appears that almost all commentators agree that reform (in some cohesive and structurally functional way) is better than 'no change'. On that basis, there remains a good prospect of 'reform'

passenger train operating model for the industry.

It is not all doom and gloom. Moving towards a single industry profit and loss account certainly seems like a step forward, recognising that decisions on cost and decisions on revenue are interlinked and that spending a little money can generate substantial revenue. Making the right decisions for the industry with both aspects in mind has to be the right way forward: to obtain the best overall outcomes for the railway and its customers.

The most important message for everyone involved in reform is: "We need to get going. Quickly." For too long now, the industry has been stagnating. We need to stop talking about concepts and start doing tangible steps to deliver reform.

What steps will be taken in the weeks and months to come? We need visibility of the pipeline and when we can expect to see the industry start moving forward again.



Passengers board a Chiltern Railways service bound for Birmingham Moor Street at Solihull on December 3. Concern remains about the absence of progress on the future passenger train operating model. JACK BOSKETT.

(using Lord Hendy's preferred terminology), including the core vision of a guiding mind being welcomed once the changes which have engulfed the current programme are assimilated. That reform must respect the Treasury's need for financial controls and DfT's entitlement to political control, as well as the independence for the industry to deliver on the policy given.

There is a sense of frustration at the degree to which GBR has (to date) collaborated with and/or taken into account the views and inputs of other interested parties. At the same time, the nature of the railway industry is that there will always be a very wide range of firmly held views, and not all pet projects can (or should) be accommodated at all times. What is likely to be important to the success of industry reform is that talented and experienced individuals from as many different points of view as possible feel that they can get behind the programme and bring their skills to providing great customer service and great operational solutions. Without such a sense of participation (or incentive), skilled individuals may become fed up and feel compelled to move to other industries.

Aside from the obvious benefit of keeping stakeholders onboard to deliver reform as effectively as possible, there is also a key longer-term benefit to avoiding any 'skills drain' arising from an impression that views are not valued from all quarters (regardless of whether such an impression is, objectively, justified or not).



Sue Kershaw
Transportation MD, Costain

This is a thought-provoking article with a diverse range of interviewees and arguments presented. One thing is common and certain, however: the UK needs vertical integration of our railways with a single P+L to support it. What is less clear is how we will make that happen.

As GBR stands now, with recent changes in government it has no strong sponsor to drive it to fruition. Without this sponsorship, a void has opened up and other initiatives are being considered - for example, the impact of Brexit on existing rail legislation, such as interoperability. Also, the context in which the idea was created has changed significantly.

Post-Brexit and post-pandemic, commuting patterns have changed. And they will not go back to former levels - the genie is out of the bottle in terms of flexible working patterns across all workforces. There is also a heightened desire for localism and for local, integrated transport. This would point to a complete rewrite of the timetables being needed. As this article points out, 97% of people have come back, but in a different way, and we need to acknowledge that and find new solutions to deal with it.

I concur we need to look at what positive change we can deliver without legislation, and that ticketing and retail reform are the prime candidates. This is an opportunity for GBRTT to pivot and examine (in a transparent way and with the help of industry) what is needed in the here and now to improve the help and financial wellbeing of the industry. This guiding mind, in our world of collaboration, will be much better received than the controlling one, so time for a refresh as set out in option 2: change the name and shape, but keep the integration intent of GBR.

Peter Hendy's speech is a good one. We currently have an unstable industry with differing contracting processes and an *Integrated Rail Plan* with no budget, mired in industrial disputes on changing working practices and the impact of inflation on wage packets.

This industry is still one of the very few in the UK that welcomes entrants at all levels with myriad backgrounds. Let's celebrate that, and help it to heal itself and the country by bringing all our regions together and connecting the devolved authorities.

I do, however, disagree with the A303 comment. This tunnel and dualling is badly needed for the locals in the area, and the swarm of holidaymakers in the summer travelling to Devon and Cornwall.

Revenue being back up at 80% post-pandemic is really good news. Let's use it wisely and provide the resilient structure our railways need to succeed.

“ This industry is still one of the very few in the UK that welcomes entrants at all levels with myriad backgrounds. ”



Following abortive schemes to introduce trams and then trolleybuses to the streets of Leeds, the West Yorkshire city could again be in line to receive some form of rapid transit system, as part of a new five-year City Region Sustainable Transport Settlement. ALAMY.

City Regions consider options for transport cash

For years, transport authorities have been calling for funding settlements like those enjoyed by Network Rail. Earlier this year, those calls were answered, but will they benefit rail services? **PETER PLISNER** finds out

The Government described the City Region Sustainable Transport Settlement (CRSTS) as an “unprecedented investment in local transport networks” and a “driver for significant change”.

Few would argue with that description, particularly when you consider that previous funding arrangements had often meant councils bidding for money through a variety of different competitions and funding rounds, with no guarantee of success.

CRSTS was different. Eight eligible Combined Authorities across the UK now have a five-year funding settlement totalling £5.7 billion, giving them certainty on transport funding in a way they’ve never had before. It was music to the ears of the Urban Transport Group (UTG), which had been campaigning for a long-term funding settlement for a number of years.

“It was generally welcomed because one of our asks has been for long-term capital settlements bringing us more into line with national rail and roads,” says UTG Director Jonathan Bray.

“It’s on that trajectory towards longer-term funding and the settlements were quite substantial.”

But it wasn’t all new money - the CRSTS settlement brought together several existing funds, such as the Integrated Transport Block and Highways Maintenance funding (including the Potholes Action Fund).

The DfT maintained that bringing various funds together would simplify the funding landscape, move towards greater consolidation of funding streams, and allow city regions much more flexibility to decide and develop long-term strategies that integrate all their local transport priorities.

The CRSTS was like the one established in London more than 20 years ago, creating a consolidated and devolved model of transport funding.

Government guidance at the time explained: “Just as London’s capacity and funding was built up over several successive multi-year financial settlements, we intend, subject to future spending reviews and the success of this programme, that this could be the first of a

series of five-year transport settlements for the city regions.”

Areas receiving CRSTS funding are also reliant on local contributions of at least 15%-20% of the Government funding. CRSTS guidance suggests that this was in recognition of the active role that authorities are playing in developing investment strategies for their local transport networks.

It’s also in line with the approach taken in London, where land capture arrangements and levies have helped raise additional sums from developers benefiting from transport improvements, such as the recently opened Elizabeth line.

Local contributions will be closely monitored, and failure to provide that money (the guidance said) could result in “future years’ enhancements funding reduced in proportion to any ongoing shortfall”.

The CRSTS fund appears to have come about as a direct result of recommendations by the National Infrastructure Commission (NIC), and replaced the Government’s previous funding mechanism - called the Transforming Cities Fund.

In its infrastructure progress review, the NIC warned that the Government was at risk of failing to deliver the aims of its National Infrastructure Strategy, unless it picked up the pace.

It highlighted ten priorities for the year ahead, including the need for a “pipeline of mass urban transit schemes” and a rapid shift away from “competitive bidding between councils for short-term transport funding pots” towards long-term devolved funding settlements.

At a time of significant global volatility, alongside concerns about rising living costs, the report noted that sticking to a long-term strategy is not easy.

But it said it was the only way of addressing the “stubbornly difficult problems that will not become any easier or cheaper to solve by delaying action, and the quicker we tackle them, the quicker society and our environment will reap the benefits”.

The report added that urgent and fundamental reforms were needed to achieve tangible improvements to local infrastructure by 2030, including developing plans for major urban transport schemes in priority cities.

“The Commission took the view that ‘intra-city’ travel is as important as ‘inter-city’, and as a result called on the Government to do for intra-city travel what it had been doing with inter-city travel,” says Transport Consultant Stephen Joseph.

“National Highways and Network Rail get funding settlements lasting for five-year periods, and that’s broadly speaking what the Government has now done for Combined Authorities across the country.”

The Government’s response to what was a damning report was to revamp funding to city regions. Ministers made it clear that the CRSTSs could be used to “develop mass transit networks and sustainable transport options, open up new areas of the region ▶



“National Highways and Network Rail get funding settlements lasting five-year periods and that’s broadly speaking what the

Government has now done for Combined Authorities across the country.”

Stephen Joseph, Transport policy consultant

► for employment, leisure and housing, and create real innovation in transport to solve problems”.

That’s certainly what they’ve been doing in the Liverpool City Region, where CRSTS funding is being used for a variety of schemes, including plans to extend the reach of its Merseyrail network by equipping some of its new Stadler Class 777 electric multiple units (EMUs) with batteries. Now called IPEMUs (independently powered electric multiple units), these units can potentially reach the parts of the network that other trains can’t.

David Powell, programme director for rolling stock at the Liverpool City Region Combined Authority, maintains that trials of the battery-propelled trains in 2021 proved highly successful. As a result, through the initial round of CRSTS funding, the city is looking at where through services could work where currently they are not possible.

“Typically, a passenger goes to the end of the Merseyrail network, which is the end of the third-rail supply system, and has to get off the train and walk down the platform and then hop onto a diesel multiple unit [DMU] to continue their journey. We have about half a dozen routes that fit that category,” he explains.

Add to the mix the fact that many of the DMUs are old and will be due for replacement in the coming years, plus the rising costs of overhead electrification, and extending the Merseyrail network with the IPEMUs becomes a very logical and cost-effective next step.

Initially, seven out of the 53 four-car units will be fitted with six-tonne batteries. And that’s where the CRSTS funding comes in.

Says Powell: “CRSTS provides an environment in which we can investigate serious expansion of the network. We are going to be looking at a variety of routes, and the business case work is just starting to look at which are the most attractive.”

Plans being considered could result in direct services running to places as far afield as Preston, Wigan, Runcorn, Warrington and possibly even to Crewe, where Merseyrail services could connect with HS2. In the meantime, the first use of the IPEMUs will allow services to go beyond Merseyrail’s current terminus at Kirkby and on to a new

“CRSTS provides an environment in which we can investigate serious expansion of the network. We are going to be looking at a variety of routes and the business case work is just starting to look at which are the most attractive.”

*David Powell, Programme Director for Rolling Stock,
Liverpool City Region Combined Authority*

station currently under construction, called Headbolt Lane.

Another rail project that’s moving forward as a direct result of the CRSTS settlement is a new station for Liverpool’s Baltic Triangle. The proposed Liverpool Baltic station would be mostly underground and sited in a ‘box’ that’s been there for more than a hundred years. It would be built on the site of what was Liverpool St James station, which closed in 1917.

The Baltic Triangle is a formerly rundown industrial area that’s becoming increasingly popular with tourists.

Powell explains: “It’s really vibrant with a strong night-time economy, and there are lots of creative industries. The city has been growing in that direction and it isn’t that well served by public transport. The fact that the railway goes underneath it and there’s a disused station is a really good fit.”

Liverpool Baltic station is just one of eight new stations that could be built in this decade around the Liverpool and Greater Manchester area, using money from the CRSTS settlement. Elsewhere, two stations may be taken forward in South Yorkshire, as well as one each in West Yorkshire, the West Midlands and the West of England.

In the Tees Valley, use of the CRSTS funding on rail is more about improvements to existing stations and capacity enhancements.

Manchester Metrolink trams 3079 and 3049 line up at Deansgate on November 8, with services to Trafford Bar and Eccles. New stops are planned for the network at Cop Road (Oldham), Elton Reservoir (Bury) and Victoria North/Sandhills (Manchester). TOM MCATEE.





LNER 801215 departs Darlington with a service to London King's Cross on September 10 2020. The Tees Valley Combined Authority has targeted the Government's CRSTS fund as a means to improving the station and increasing capacity through the area. TONY WINWARD.

Improvement of Darlington station is the biggest project taking place in the area, and it's vital to the delivery of the Tees Valley Combined Authority's vision for rail service enhancements.

Located on the East Coast Main Line (ECML), the Darlington station project is a fundamental part of the investment programme north of York, as outlined in the Government's *Integrated Rail Plan*. In addition to CRSTS, the scheme is also seeking funding from DfT's Rail Network Enhancements Pipeline.

Capacity at the station is affected by conflicting movements between north-south operations on the ECML and east-west services on the line between Bishop Auckland and Saltburn on the Tees Valley Line.

"It's not only about capacity on the East Coast Main Line, but also about providing capacity for the growth of the Tees Valley network," says Alan Weston, transport and infrastructure manager at Tees Valley Combined Authority.

"Darlington has two bay platforms that sit in the middle of the Up and Down main lines and require the fast station bypass lines to be crossed. By building additional capacity on the eastern side of the station, you create the capacity between Darlington and the rest of the Tees Valley."

In addition to new platforms, which would increase rail capacity by around 300%, the scheme would also generate a new station building and concourse built around the existing eastern entrance to the station.

While Darlington is the biggest hub for the Tees Valley rail network, Middlesbrough isn't far behind. There, the CRSTS programme builds on investment that's already cleared the way for

the reintroduction of direct services to London. The Authority now wants to go further by remodelling the station's track layout.

Weston says: "Middlesbrough is our second priority. At the moment, there are only two platforms there and a large number of services. It's a real capacity constraint because virtually every service in Tees Valley terminates at Middlesbrough or passes through the station."

CRSTS funding and the DfT's Rail Network Enhancements Pipeline is now earmarked for the construction of a new platform to improve capacity, reduce journey times and provide resilience.

Investments are also planned in Redcar, Hartlepool and Teesworks, one of the UK's largest regeneration sites. It covers 4,500 acres and is set to create 20,000 new jobs and contribute £1bn a year to the wider Tees Valley economy.

Rail investment around Teesworks isn't only about getting people to and from the site, it's also about freight capacity.

There is only one gauge-cleared route for freight from Tees Valley towards Darlington. It's fine for traffic heading north, but for anything heading south, it's inefficient because it requires a run around at Darlington.

Weston says: "One of our CRSTS projects is looking at supporting gauge clearance on the route from Eaglescliffe to Northallerton, to make rail freight a viable alternative and much more efficient. So, for us, CRSTS is also about the business benefits of what we are trying to achieve. Ultimately, we are an organisation that's about economic growth, creating employment and enabling residents to access those opportunities."

But some are concerned about the rising costs of infrastructure ►

"Middlesbrough is our second priority. At the moment, there are only two platforms there and a large number of services. It's a real capacity constraint because virtually every service in Tees Valley terminates at Middlesbrough or passes through the station."

Alan Weston, Transport and Infrastructure Manager, Tees Valley Combined Authority

“There is some infrastructure that’s close to becoming life-expired and requires replacement and other areas where there is an opportunity to upgrade, whether it’s the rails, the electrical supply or the vehicles, and so that’s part of our CRSTS programme too.”

Alex Linton, Head of Transport Development, South Yorkshire Mayoral Combined Authority

► projects. Construction prices are only going in one direction, and what might have been an adequate funding settlement earlier in the year now might not cover the cost of all of the schemes on the list. Add to that the aftermath of the pandemic and a lack of farebox revenue, and money soon becomes short.

It’s something that’s already happened in the West Midlands, where transport bosses have been using CRSTS funding to expand part of the West Midlands Metro.

Construction is well under way on a new line from Wednesbury to Brierley Hill. Funding for the scheme originally came via the Transforming Cities Fund, and now the CRSTS funding isn’t enough to build the second section of route from Dudley to Brierley Hill. As a result, Transport for West Midlands has decided to phase the construction. It’s unclear how much the funding gap actually is.

A spokesman for the West Midlands Combined Authority (WMCA) says: “We are continuing to explore funding opportunities and options for delivery of the section between Dudley town centre and Brierley Hill, with a view to completing the extension in full at the earliest opportunity. These include exploring potential funding opportunities through the ‘Trailblazer Devolution Deal’ and Investment Zones.”

An early assessment has estimated the funding requirement to complete the line in full would be approximately £512 million. However, the Authority suggests that there are multiple variables around construction and energy costs, fare income, the cost of borrowing, and the impact of rescheduling works. It all means that any final figure is subject to fluctuation.

A full business case, setting out the required budget, will be presented to the WMCA board in due course. Some have, of course, posed the question: why didn’t the Authority earmark more of the CRSTS funding to cover the shortfalls as part of the bidding process with the DfT?

The spokesman adds: “The submission for CRSTS funding was made to the Department for Transport in September 2021, with the project programme confirmed in March this year. The scale of the funding gap on the Wednesbury to Brierley Hill Metro extension became clear this year and the decision to phase delivery was taken by the WMCA Board in July 2022.”

Ian Ward, leader of Birmingham City Council and transport lead for the WMCA, told a recent scrutiny meeting that they simply didn’t have the money to continue building the extension.

“We have continued to make commitments that cost money on the assumption that things will all remain the same,” he said.

Clearly, they haven’t. At a subsequent meeting, West Midlands Mayor Andy Street suggested that there were only three options to find the additional money: a government bailout; divert funding away from other projects; or get patronage and profits back up to pre-pandemic levels. It remains unclear how the additional money will be found.

UTG’s Jonathan Bray maintains that construction cost inflation is a wider issue, with several authorities grappling with the same problem. He also highlights ongoing challenges around skills and capacity, with some regions struggling to recruit the right people to move CRSTS projects forward.

“There is clearly great demand for people at the moment in the Middle East and on projects like HS2. They can often pay more than transport authorities can.”

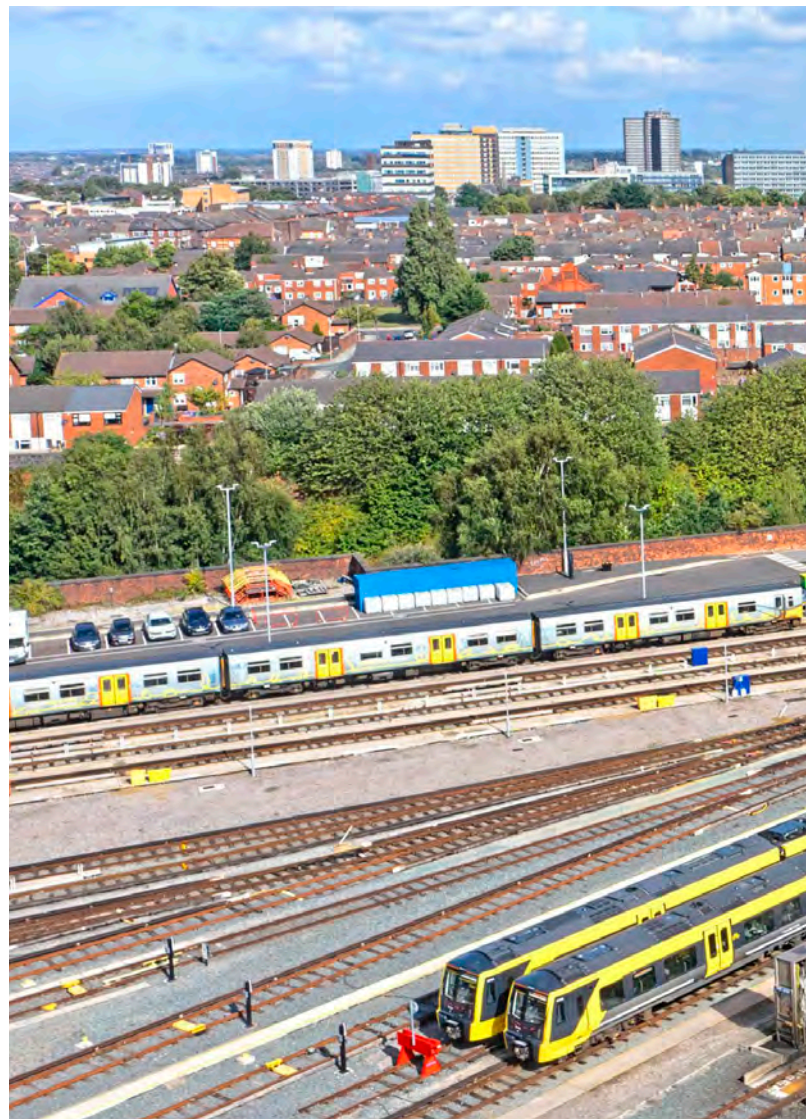
And even on the ground, when it comes to building the schemes, transport bodies have gone from having unfunded projects to ones that now need to be delivered as quickly as possible.

“It’s something that our members are tackling, but it’s a competitive market. We have been arguing that we should be able to de-ring fence within some of these funding pots, so that we can get on with schemes we think are the best ones that we can sequence, rather than be held to things that may in the end prove too difficult to do now.”

CRSTS is also funding other rail schemes in the West Midlands. The list includes expansion of the Metro depot in Wednesbury, to accommodate a growing number of trams, and some renewals work on the original line between Birmingham and Wolverhampton, which is now more than 20 years old.

There are also plans for a new station in Aldridge. That would mean the introduction of passenger services between Walsall and Aldridge on the ‘Sutton Park’ route, with potential future direct links through to central Birmingham.

Another scheme would generate investment around the city centre to better connect Moor Street and Birmingham New Street stations through enhancements to the active travel route, which (according to Transport for West Midlands) is currently “extremely hostile and unattractive”. The scheme will also explore feasibility of onward access to Curzon Street HS2 station.



In the Greater Manchester area, much of the CRSTS money is being spent on improving things for bus passengers, although there are plans for a number of new Metrolink stops with 'Travel Hub' facilities, including at Oldham (Cop Road), Bury (Elton Reservoir) and Manchester (Victoria North/Sandhills).

As a key component of its so-called 'Bee Network', the new stops will encourage mode shift to public transport for the adjacent residential-led development sites. The stops will be designed in accordance with decarbonisation and sustainability principles.

Greater Manchester Mayor Andy Burnham suggested that the CRSTS funding was a major vote of confidence in Greater Manchester's plans for a London-style public transport system: "This funding will allow us to bring forward an improved bus service, starting next autumn in Wigan and Bolton with new buses, lower fares and more frequent services."

However, while the new funding does provide a big boost for capital projects, the mayor also highlighted the fact that, in Greater Manchester, it falls short on revenue spending.

He adds: "The revenue funding is about half of what we bid for. We have been working closely with Government on a funding model that will enable us to stabilise, rebuild and ultimately transform public transport, and can only deliver the Bee Network if we have a sound foundation to build upon."

One place where a five-year devolved funding settlement has been welcomed more than most is in West Yorkshire - and particularly in Leeds.

The city has struggled in the past to get approval for rapid transit schemes. There were proposals for both light rail and then trolleybuses, but both schemes were eventually scrapped.

But the CRSTS settlement seems to have opened the way for the development and initial delivery of a new form of public transport system.

Although the exact nature of the scheme has not been revealed, it seems most likely to be some kind of light rail. It's being designed to increase capacity and to provide an alternative to car travel for the region, linked to bus, rail, cycling and walking networks across the region as part of an integrated transport system.

Tracy Brabin, Mayor of West Yorkshire, says: "Significant progress has already been made in addressing years of underinvestment in transport in the North. Now, with more devolved powers, we can do even more."

"Our bold programme of interventions will help us deliver new bus routes and cycle lanes, and let us take forward our ambitious plans for a new mass transit system across the region. Delivering these schemes in partnership with our local authorities will allow us to move closer to our goal of an inclusive and accessible transport system fit for the 21st century."

In addition to the development and initial delivery of a new form of public transport system, the region's CRSTS funding list of schemes also contains plans for improvements at Bradford (where there's to be a new station approach) and Halifax, where a new footbridge will improve cycle access).

There are also plans to reopen a disused underpass to improve connections to local public transport and the town centre.

In Leeds, there are plans to create what's been termed "a multi-modal gateway" at the railway station, with pedestrian priority areas, improved accessibility to the station, step-free access for passengers, installation of segregated cycle lanes, and widened ▶

777010/013 line up at Stadler's depot at Kirkdale on September 5. The Liverpool City Region Combined Authority intends to use a new five-year funding settlement to expand the Merseyrail network by equipping some of these electric multiple units with batteries. TOM MCATEE.



► footways. There will be enhanced lighting within these areas, and the provision of a 700-space cycle hub and infrastructure for e-bikes.

There are also plans for platform extensions to enable longer trains and improved capacity on the rail network, reducing barriers to travel and increasing the attractiveness of rail as a more sustainable mode of transport.

Neighbouring South Yorkshire also has big plans for its CRSTS settlement, with a whole host of station-based accessibility improvements - including a new footbridge at Thorne North station on the line from Hull to Doncaster, and a new fully accessible park-and-ride site at Penistone station near Barnsley. Park-and-ride improvements are also being made at Conisbrough station near Doncaster.

Larger rail schemes with longer-term aspirations include plans for rail access to GatewayEast, billed as one of the most strategically important and nationally significant locations within the Sheffield City Region.

However, the recent announcement of the closure of Doncaster Airport, which anchored the scheme, appears to have led to access plans being reconsidered.

Alex Linton, head of transport development at the South Yorkshire Mayoral Combined Authority (SYMCA), says: "There are lots of other developments in the area as well. It's not the case that the airport was the only reason why we were looking to improve access to the area. But with something as significant as the recent closure, we need to consider what impact that will have."

Another big scheme on the South Yorkshire CRSTS list is for a new station at Waverley, between Sheffield and Lincoln. It's another place where there are big development plans in the area, and where rail access is vital to make the plans sustainable. And in addition to Waverley, CRSTS is funding a feasibility study into a new station for Rotherham.

But the most significant CRSTS allocation for South Yorkshire is for light rail. The current contract with Stagecoach will come to an end in 2024, and the SYMCA is creating a publicly owned company to run the tram system from then onwards. Although not directly related to the change of ownership, the authority has plans for a big renewals programme funded via CRSTS.



"This funding will allow us to bring forward an improved bus service, starting next autumn in Wigan and Bolton with new buses, lower fares and more frequent services."

Andy Burnham, Greater Manchester Mayor

Linton explains: "It's £100m over the five-year period. There is some infrastructure that's close to becoming life-expired and requires replacement, and other areas where there is an opportunity to upgrade, whether it's the rails, the electrical supply or the vehicles, and so that's part of our CRSTS programme too."

There are also plans for investment at the Meadowhall interchange, with increased park-and-ride capacity and support for amenities including electric charging points for vehicles, family and disabled parking bays, and waiting facilities. Additionally, a new mobility hub will feature cycle stands, cycle lockers and potentially mobility scooter lockers.

The only region receiving CRSTS funding and not mentioned so far is the West of England. Like some other regions, much of the funding is being spent on measures to improve buses, but the Combined Authority does have plans for a further new station as part of its 'MetroWest' programme, at Charfield. It would provide access to the rail network for up to 14,500 residents within 5km (3.1 miles), reducing car dependency in Charfield and neighbouring areas.

Local industries, either new or emerging, are said to be pushing up demand for a station. The road network from Charfield into Bristol is thought to be at capacity, and rail is the obvious solution to cater for that increased demand.

Like other areas, there's more work to be done on making stations fully accessible. One of the biggest schemes is at Lawrence Hill station, on the Severn Beach line. One platform can only be



Sheffield Supertram units 123 and 124 pass each other at Cathedral on June 7. Now in its 28th year of operation, the system is to undergo a £100m five-year programme of renewals. TONY WINWARD



accessed by steps, and access to the second platform isn't much easier. Possible design solutions could include a footbridge with lifts.

While Combined Authorities have clearly welcomed the settlements, there are still some concerns about who gets to make the final decision on individual scheme spending.

If it's meant to be a devolved budget, then surely the regions receiving the money should have the final say? But this doesn't seem to be the case everywhere. The DfT is still heavily involved in decision-making and is still effectively micro-managing some schemes.

The UTG's Jonathan Bray: "It's better than what we had, but there's still the micro-managing, and second-guessing what the DfT wants is creeping back in."

However, South Yorkshire's Alex Linton maintains that there is a level of devolution contained within the settlements: "We don't have to have every single allocation contained within the settlement approved and signed off by DfT."

"Now we have reached this level of agreement, there are some schemes that they retain an interest in, including those with a larger financial value or those that are expected to continue within the current funding period beyond 2027. It's understandable that they will want to maintain an interest in those, where there is potential for a future financial commitment that they will need to understand."

But Linton maintains that small schemes within the settlement do not require sign-off from the DfT at every stage.

There are also concerns about recent changes at Downing Street, and whether new advisors coming in might change the dynamics.

UTG's Bray: "It's all been a bit protracted to get everything

finalised because of different views at the Treasury, DfT and at 10 Downing Street. Previously, Andrew Gilligan [Boris Johnson's transport advisor] was very hands-on, to say the least. Everyone was coming at it from slightly different places. And there's always the potential for more scrutiny and clawback."

Other downsides have included the fact that CRSTS funding was only awarded to Mayoral Combined Authorities, which has left Tyne and Wear with a different short-term funding arrangement having to be used until the region gets a mayor.

Meanwhile, there are also worries (as highlighted by Andy Burnham) that CRSTS funding only deals with capital expenditure and not revenue.

Post-COVID declines in patronage, and therefore ticket revenue, are making it much more difficult to keep things such as existing tramlines running.

Although special Government funding to help bus services continues, a similar funding pot supporting light rail operation has already been stopped. Some have called for CRSTS-style long-term settlements to cover revenue costs, too.

Bray says: "Revenue is the main challenge at the moment, and we'd certainly like to see a longer settlement for that, too."

He feels this is particularly important where new infrastructure, such as light rail schemes, is being built using CRSTS funding, because of the increased operational costs for the expanded network.

"You have to try and keep the existing ones going. You build more of it and you're further adding to the revenue costs."

However, that seems unlikely with funds now much tighter than they were. Even transport spending on capital projects is likely to come under increasing levels of scrutiny going forward.

Those areas that are able to extract additional sums through local contributions, including the use of things such as land value capture, may be looked on more favourably. Bray seems hopeful that private contributions could help to fill a gap.

"There is a lot of stuff in the margins around trying to get more private finance into capital programmes related to decarbonisation and housing, for instance. There's a lot of money in the City and a lot that can be spent on transport projects, but it's just making it happen." ■

"Our bold programme of interventions will help us deliver new bus routes and cycle lanes and let us take forward our ambitious plans for a new mass transit system across the region."

Tracy Brabin, Mayor of West Yorkshire

City Regions

Context is always critical - and this is certainly true in discussions about UK urban transport.

While casting meaningful nets around city regions is a complex and contentious issue, taking urban area populations as defined by the Office for National Statistics gives us six cities in the UK with a population greater than one million people. Those are London, Manchester, Birmingham, Leeds, Glasgow and Liverpool (and their surrounding regions).

Of these, only two have metro systems (one of which is the diminutive Glasgow Subway). Four of them have reasonably well-segregated suburban rail systems. Three have trams.

Looking to our close neighbours on the continent, it is common to see cities with over a million people having a multi-line metro system bolstered by suburban rail. Trams are commonplace in cities of over half a million people, of which there are 14 in the UK. In comparison with the rest of Europe, Britain's cities lag behind in public transport provision.

Significant capital expenditure is necessary if we are to pull urban transport outside of the M25 up to London's levels of provision, which in turn is vital to drive sufficient modal shift away from cars to reduce our greenhouse gas emissions, for which road transport is the UK's largest contributor.

That's the context within which to read Peter Plisner's appraisal of the (fairly) new City Region Sustainable Transport Settlement (CRSTS). Indeed, Peter sets up the challenges that cities previously faced, with very limited pots of money being available via multiple competitive bidding frameworks.

As he describes, the National Infrastructure Commission was instrumental in the government making these changes to the funding arrangements. As with the broader thrust of their outputs in recent years, they favour emphasising urban over inter-city travel.

“The settlement's ability to create anything new remains to be seen.”

A positive consequence of this is a consensus that five-year periods of consistent funding are vital.

Peter has been far-

The question posed in this article is whether or not the City Region Sustainable Transport Settlements will benefit rail services, and the author certainly demonstrates that the regime has the potential to deliver a scale and range of rail infrastructure investment that would have been unimaginable under the previous piecemeal 'funding-pot' approach.

Local authorities have long called for greater surety over transport investment, arguing that this would provide the confidence and ability to develop a longer-term and larger-scale pipeline of schemes and overcome the chronic underinvestment in local transport infrastructure and capacity outside of London. The author points to cost inflation as a risk to the delivery of these schemes, and notes an example in the West Midlands where this is already happening.

Here, I would make two inter-related points; firstly, cost inflation is an issue that goes way beyond local transport investment, and occurs as a result of the failure to properly scope and cost scheme requirements, and to allocate sufficient contingency to the project in its early stages. But in the particular instance highlighted in the article, it has resulted in the fact that the CRSTS process was in itself a funding-pot exercise, with Combined Authorities required to bid for funding before the full cost of some schemes were known.

The article notes the impact that political change has on funding regimes and government oversight. This brings me on to a wider point: multi-year financial settlements provide certainty for Network Rail and National Highways because they are embedded within the statutory and regulatory framework of these bodies, so beyond the current five-year period they have no reason to think that there



Gareth Dennis
Track Engineer

reaching in his discussions across industry, with policy specialists, operators and regional authorities all well-represented. This helps flesh out how the CRSTS is perceived as being a positive step forwards.

David Powell articulates how a very well-established devolved transport authority, in the form of Merseytravel, can direct these funds strategically for maximum benefit.

Similarly, the West Midlands is focusing on unlocking urban and suburban capacity, in addition to expansion of the tram system (don't be fooled by the 'Metro' name).

The uses of CRSTS in other combined authorities (namely Teesside, South Yorkshire and West of England) appears to be acting as a replacement for rail network funding. To my mind, new or upgraded railway stations, or freight upgrades, are enhancements that should be funded by the rail industry, even if through devolved authorities. Given that the £5.7 billion CRSTS is a relatively small amount of money when spread across eight authorities, it ought to be funding dedicated mass transit solutions for these urban centres, enabling the necessary shift from cars into public transport.

However, that's a decision to be made by the regions. And the value of devolution is that they can make these decisions more freely and in accordance with the needs of their local populations.

Capital funds being more readily available exposes critical challenges faced by local and city authorities, the greatest of which is in recruiting council officers and specialists who can develop and drive these schemes forwards. It would be interesting to dig into



Darren Kirkman
Associate Director, SYSTRA

won't be further long-term settlements. Funding regimes for local authorities, however, can and do change frequently, meaning they have no particular reason to presume that there will be a CRSTS 2 or 3. It is a pity that local transport investment does not benefit from the same degree of certainty in funding mechanisms that the strategic national transport infrastructure enjoys, and this limits genuinely long-term strategic planning.

The author correctly identifies de-ringfencing of local funding as one of the prime ways to better manage capital projects, with rising costs to be more successfully managed through the reassignment of funding from alternative sources.

The reluctance of government to allow this is partly explained by civil servants' unwillingness to provide real autonomy to local decision-makers over investment decisions, and by their insistence on micro-managing aspects of some schemes. This means that initiatives such as the CRSTS can often be more about delegation than devolution, with local scheme promoters required to work within tightly defined parameters and to secure repeated sign-off

these challenges in more detail, as I've come upon them in both my day job and as a campaigner. It's as true for councils as it is for Parliament. The multitude of pressures on public sector recruitment is severe.

Peter picks up on Manchester's use of the CRSTS for bus projects, which are no less important than rail schemes, but which can only be part of the wider transport system. This feeds into another key challenge. In his interview with Mayor Andy Burnham, Peter picks out that revenue funding (the money that pays to keep a system going, not just to create it) is an ongoing challenge that government is yet to tackle head on. This is confirmed later by Jonathan Bray of the Urban Transport Group.

Filling in the gaps a bit, I'd suggest that this leaves Greater Manchester and other Combined Authorities in the situation where upgrades are more favourable than new infrastructure, as every new mile of infrastructure requires a greater ongoing cost of upkeep - even if ultimately this is balanced by increased footfall.

Only one of the UK's million-plus population cities lacks any form of urban mass transit - and that's Leeds. Peter's discussion with West Yorkshire Mayor Tracy Brabin indicates that while there are positive words about the embryonic future dedicated urban transport system, the detail and focus remains on buses and active travel, as well as urban realm improvements (which residents or regular visitors to Leeds will know have already been extensive in the city centre).

It appears that the shape and scale of funding is only really capable of adding to or upgrading systems already in existence. The settlement's ability to create anything new remains to be seen. I would postulate that until full control of the money is given to the combined authorities, this will remain the case.

Indeed, the biggest question mark of all hangs over who really controls this money, and Peter guides us through this discussion with the key voices somewhat in agreement. Reading between the lines lets us see that even the most optimistic voice admits that central government essentially retains veto powers on what money ends up where.

by officials throughout a project's lifecycle. This further increases costs and reduces certainty.

I would argue that a greater risk to rail services than rising costs (which can and should be managed through proper planning, contingency, and management processes) is the lack of a proper revenue stream to support capital delivery. This was an issue before the pandemic, and it has only been exacerbated, with farebox revenue unable to sustain existing services, let alone new or expanded ones.

There is no easy solution to this, especially while in the UK we continue to see public transport as a commercial enterprise rather than a public utility worthy of sustained ongoing support. It points to the need for local authorities to be ever more imaginative in the development of their own local funding streams, through a mix of local authority funding, developer contributions, land value capture, and prudential borrowing to provide for the ongoing operation of their transport assets.

So, in summary, the CRSTS does seem to provide a leap forward in the provision of funding for longer-term capital projects, giving the opportunity for CAs to plan and receive funding for much larger projects that they were perhaps previously unable to do.

But for such settlements to be truly game-changing, there needs to be greater confidence that the funding regime is in itself long-term, to be accompanied by greater freedoms for locally accountable decision-makers to use this and other funds with a greater degree of flexibility within an agreed assurance framework - but without the dead hand of government hovering over them.



Martin Fleetwood
Consultant, Addleshaw Goddard

Peter's article highlights an interesting dilemma for mayoral Combined Authorities (CAs). While they now have a five-year settlement, there are also more opportunities to spend it. Both politicians and the public are likely to focus on the headline amounts, rather than how funds can best be targeted. There will also be more 'pet projects'.

As we have seen with the 'Reversing Beeching' initiatives, there are many plans, but only a few stand up to a full evaluation. The key will be in getting the best return for the investment among conflicting priorities, particularly as the additional CRSTS funding is offset by reductions in other central government funding. With a limited amount of new money, investment decisions will need to balance value for money with political dogma.

Most rail projects are expensive, but can have particularly effective outcomes. The key for CAs will be justifying the use of funds for the numerous outcomes that are produced. Traffic management schemes can improve the local environment and give opportunities for active travel that are not quantified in a standard cost:benefit analysis. Thus a station enhancement scheme can unlock significant travel potential for passengers with disabilities, provide new community space for a neighbourhood, and/or make modal transfer and connections much easier and less stressful for passengers.

CRSTS funding is provided to support all types of intra-urban transport. The majority of intra-urban journeys are road-based, with buses forming the bulk of the public transport offering. While rail reform is running on the slow line under a single yellow, bus reform is in the fast line and has been given green.

Light rail schemes are sometimes seen as controversial, but on a heavily used transport corridor they can provide greater capacity (and arguably better comfort) than buses. They also have a benefit over heavy rail schemes in that there is more flexibility where they can run, particularly if they need to serve an existing hospital or housing estate. They can also build on existing transport corridors without needing the engineering work or space of a heavy rail enhancement on a dedicated alignment.

Streets can have tram tracks laid into them. And with the next generation of overhead/battery hybrid, overhead wires can be limited to short sections or even simply recharging points at tram stops, saving costs in installation and maintenance.

Although admittedly more expensive than a dedicated bus lane, the additional capacity provided by light rail (and its proven ability to persuade private motorists to change mode from car to light rail) delivers value on a number of fronts, including its environmental and regeneration benefits. The five-year CRSTS funding is well suited to this type of project.

With its stronger impression of a permanent change, the arrival of a light rail scheme also makes it easier to support the case for land value capture charges. Bus routes are far too transitory and it is more difficult to show that there has been an actual land value uplift compared with that around a tram scheme.

The arrival of longer term funding through CRSTS is certainly welcome and should benefit some heavy rail schemes, but it may be that light rail is the greater beneficiary of such funding.

Little and large meet on the Watford DC Lines near South Kenton on July 27, as a southbound London Overground Class 710 passes a Bakerloo Line service bound for Harrow & Wealdstone. The latter uses 1972 Stock, which is now the oldest train fleet in passenger service in Britain. ANTONY GUPPY.



“We are much stronger if we work together”

Transport for London's new interim Commissioner **ANDY LORD** tells **PAUL CLIFTON** how he would go about running “the biggest and greatest public transport organisation in the world”

Transport for London has a new interim Commissioner. One Andy replaces another Andy. Out goes Andy Byford. In comes Andy Lord.

It was a surprise when Andy Byford stepped down as the leader of Transport for London after only two years. He had seen the capital through the pandemic and secured a funding deal from central Government. But only after a long, hard fight and a lot of bitter words. He was seen as a success.

His replacement is less of a surprise. Andy Lord has been at TfL for three years. He joined as managing director of London Underground in 2019, and subsequently became chief operating officer. But he was already battle-hardened by seven years as operations director for British Airways - the longest tenure of anyone in that similarly demanding role.

In a rather dingy and careworn conference room at the bottom of TfL's offices in Blackfriars, a couple of weeks into his new role and in the middle of industrial action on both the Underground and the Overground, Andy Lord set out his position in an interview for members of the Railway Industry Association.

His clear aim: to reassure the rest of the industry that New Andy is business-as-usual: continuity, but with continuing change. Evolution not revolution.

RailReview: When your staff leave their work and walk out to stand on picket lines, it suggests that relations between you have broken down. What are you doing about that?

Andy Lord: We have industrial action by the RMT on the Tube, and by Unite on some of the surface network.

The dispute is different to the one on national rail, which is related to pay and working conditions. On the Tube it is around jobs, conditions and pensions. We haven't put any proposals on the table about pensions. The last thing we need, when we are trying to ensure the economic recovery of the city, is industrial action.

TfL has been through some tough times in the pandemic. We've seen revenues fall as low as 4% of pre-COVID. We had to go the Government for support, and we've received £6 billion of funding.

We have to modernise the way we work. We have to deliver efficiencies. We have to become financially sustainable. But there are no job losses.

It's a condition of our funding agreement that we have to review

our pension arrangements. But there are no proposed changes to that pension, and that is the area driving the industrial action. We think it's unnecessary, and not in the best interests either of their members or of the organisation.

I hope we will find a way through this. It's really hard when one side of the table believes that industrial action will change what they perceive as what the Government wants to do.

The reality is that we secured a funding agreement, without which we would not have the TfL we have today, and without which they would not have job security.

Underpinning all of your plans, all of your ambitions, is the changing pattern of travel into and within London. After the pandemic, as people get used to new ways of working, how do you see that pattern evolving?

At the height of the pandemic, we were actively discouraging people from using the network, in line with Government advice. Now, weekend and leisure traffic are almost back to 2019 levels. Weekends are regularly back in the high 90% area. But the real issue for us is Mondays and Fridays, with most people only working two or three days a week in offices.

Across an average week, we are at 80% to 83% ridership on the Tube, and 88% to 90% on the buses. But we really need more people back onto the network across the working week.

Look over the central London horizon. South Western Railway's morning peak is still stuck at only 53% of pre-pandemic levels into Waterloo. That commuting from the suburbs and beyond has gone, hasn't it?

There is a structural change, no doubt. We are seeing quite different geographical splits. The East and North into the City are almost back to normal in the peak. The West and the South West are very different. I come in from the South West myself, and I can see the difference on the main line network.

We have to find new ways to encourage people. For example, we are working with Canary Wharf to see how they can turn it into a destination as well as just office accommodation. They're building a new life science park which will be directly between the Elizabeth line and the Docklands Light Railway. So that creates a new opportunity. ➤

“The Elizabeth line shows what can be done when we get long-term investment decisions in public transport. It enables economic recovery and growth. We have the opportunity in the long term to get more investment into the network, and that benefits our supply chain partners across the rail industry, and across the country.”

► **The Elizabeth line is your big story of 2022. We've just seen the latest phase of opening, with trains from Reading running into the central tunnels for the first time. What do you take away from the opening that you can apply to future projects - for both you and your supply chain?**

It really is the jewel in the crown of the London transport network. I was on the very first train from Heathrow Terminal 5 at 0752 on the Sunday morning. It was really quite a moment.

The Elizabeth line shows what can be done when we get long-term investment decisions in public transport. It enables economic recovery and growth. We have the opportunity in the long term to get more investment into the network, and that benefits our supply chain partners across the rail industry, and across the country.

We are seeing some of that: the new Piccadilly Line trains are being built at Goole, in East Yorkshire. And there are more infrastructure contracts yet to be awarded.

Crossrail 2? Ever?

Well, wouldn't we love that! That would be amazing. The route is safeguarded. I think the Bakerloo Line extension is probably slightly higher up the agenda. We've proven the benefit of long-term investment decisions.

Let's talk about money. Andy Byford secured what was called a long-term funding deal. In fact, it was only for 19 months. And this is a £10bn a year organisation with 27,000 staff, where infrastructure projects can take decades. How do you go about securing a funding arrangement that is measured in years and not months?

The deal is longer-term, in that it takes us to March 2024. We will be operationally financially sustainable by then, which means we will be able to stand on our own two feet - at least from an operational expenditure perspective.

There is a clause in the agreement where the Government agrees to work with us around long-term capital funding for major investment decisions, such as further rolling stock renewal, further extensions, signalling renewal.

I am really keen to work with the new Secretary of State and his ministerial team, to see how we can start making progress on that.

One of the things I've done since starting as MD of the Tube is building more strategic relationships with our suppliers - looking at how, despite the funding challenges, we could secure some longer-term commercial contracts that give all sides the certainty to invest in skills and training. That's really critical for us. We have to deliver value for money, making the most of every pound that is spent.

You're developing a business plan that's due in December. What is in it?

It's very focused on how we see TfL through the next three years, using the first year related to the financial settlement we have, and then what our priorities will be going forward. Making sure TfL is financially sustainable, making sure we grow our customer and revenue stream, and moving towards net zero. There's a lot in there:

“One of the things I've done since starting as MD of the Tube is building more strategic relationships with our suppliers - looking at how, despite the funding challenges, we could secure some longer-term commercial contracts that give all sides the certainty to invest in skills and training.”

Opened through central London in May, London's Elizabeth line is described as “the jewel in the crown” by Interim TfL Commissioner Andy Lord. JACK BOSKETT.



this is the first business plan we have delivered since 2019. It's a big moment for us.

Can we look at your role in the wider national picture? The strength of your relationship with national Government, you and the other devolved authorities, and how you might fit with Great British Railways, whatever that becomes.

TfL is already working with Network Rail and the Great British Railways Transition Team around how we roll out wider contactless ticketing across the South East. We can show the benefit of TfL across the levelling-up agenda, showing the wider value we bring outside London.

TfL has been a bit on its own over the years. I am really keen that we build relationships. We are much stronger as a collective if we work together.

It's a widely held opinion in the industry that the Treasury, and the Department for Transport are a bit wary of a devolved organisation as large and as powerful as yours, which spends its money how it chooses, independently of central government. How do you get them to trust you?

It's a very good question. We are the largest integrated public transport authority in the world. But look at what we have delivered. The transformation on the Tube, for example.

We can also demonstrate the value we bring to the whole UK. Our buses are all built in Northern Ireland, Scotland or north Yorkshire. Our trains for the Overground are built in Derby.

I've come from a private sector background. I want us to be a much more commercial organisation, in terms of how we think.



“TfL is an amazing organisation: 27,000 direct colleagues, and another 30,000 or more who work indirectly for us in concessions and other service delivery, and the wider supply chain. I am immensely proud to have this opportunity.”

an opportunity to rebuild some relationships, particularly with central government. But also, with the wider industry, which Andy wasn't able to deliver quite as well, because he was in the middle of dealing with the pandemic, at a time when every meeting was done by Teams.

Hopefully now we can get out a bit more and meet in person, including with the new people involved.

You are Interim Commissioner. Everything you've just said sounds like you are considering sticking around. Do you intend to be more than the Interim Commissioner?

I'd like to be. Ultimately that is a decision for the Board and the Mayor, but I wouldn't have taken on this role if I didn't have the aspiration to do it permanently.

TfL is an amazing organisation: 27,000 direct colleagues, and another 30,000 or more who work indirectly for us in concessions and other service delivery, and the wider supply chain. I am immensely proud to have this opportunity, and I do hope it will continue.

What drives you do to that? This isn't a Monday to Friday 9-5 job. It's all-consuming, as Andy Byford admitted. He talked of how it took over his life, of how he took only ten days off in two years. On a purely personal level, is it more of a burden than a challenge?

I don't think it's a burden at all. I've been involved in operations and engineering all my life. I was operations director at British Airways for seven years - the longest-serving one in the airline's history. That was full on, 24/7. I'm used to doing that.

But it is really important that we have our down time, that we take our holidays. I've been very clear with all my teams about that - you need competent deputies who can stand in when you're not around. I'm a keen rugby fan, a keen cricket fan, a very average golfer. So, I try to get time to do that.

To be able to say you are leading the biggest and greatest public transport organisation in the world - there's not a lot that can top that. ■

We have 10% inflation. We have what the Bank of England calls the longest recession on record. We have prolonged industrial unrest. In short: we are still on a downward economic curve. Tell me what that means for your people.

It's really tough, isn't it? The external economic factors are harder than a lot of people have seen in their lifetimes. What we have to do is demonstrate - with our trade unions - that we can work together rather than fight against each other.

At the same time, while the Government has significant fiscal challenges, we have to make the case for long-term investment, which in return will create greater employment, improve the skills base, and deliver wider improvement - not only in the South East, but in the wider UK.

How is your style going to differ from the previous Andy - Andy Byford?

Andy and I are quite similar in many ways. We have similar principles in how we lead this organisation. I want to make TfL a really great place to work.

Andy was absolutely focused on securing the funding agreement post-COVID. And he was driven by delivering the Elizabeth line.

My focus now is on the wider TfL. We have a number of programmes to deliver. We have the Piccadilly Line, we have the DLR fleet, we have the continuation of the four-line resignalling programme. And the Silvertown road tunnel - the Tunnel Boring Machine is just about to go under the Thames.

And we have to get ridership up. We have to get revenues up. We have to deliver a consistent experience across our network.

For me, it's about continuing Andy's visible leadership. And also,

Andy Lord: CV

As Interim Commissioner of Transport for London, Andy Lord is responsible for delivery of safe and reliable transport services to keep the capital moving.

He joined in 2019 as managing director of London Underground. He was then promoted to TfL's chief operating officer.

A mechanical engineer by training, he joined British Airways as a sponsored undergraduate in 1989. He rose to become director of operations and a member of the executive leadership team.

He ended his 30-year aviation career as executive vice president at Menzies Aviation, leading the business in the UK. He is also a non-executive director at Defence Equipment and Support at the Ministry of Defence.

Retail rail is coming... but more must be done



Recently, Maritime Transport announced a new service between Port of Tilbury and Wakefield, operating on behalf of Coca-Cola Europacific partners.

The new train, operating six days per week, will move millions of cans of the famous soft drink and other brands between London and locations across Yorkshire, taking more than 15,000 HGV trips off the road each year.

This is a first for Coca-Cola in the UK - and for Maritime Transport, which until now has mainly focused on deep sea rail services from ports to terminals, rather than UK domestic traffic between warehouses across the country.

And while it is certainly not unique, retail trains such as this are still a fairly small part of rail freight, and so represent one of the key areas for growth.

Over the past two decades, retail services have operated consistently between Daventry and the Scottish Central Belt - most famously for Tesco, but also on behalf of Sainsbury's and a range of other companies.

Tesco has worked to expand its network to South Wales and more recently to London, as well as serving Aberdeen and Inverness. Stobart Logistics runs a range of services, including from its terminal at Widnes. And Malcolm Logistics and Russell Transportation are working for a range of customers.

These routes show the potential for more. And that potential is huge - just look at the number of HGVs on the motorway network each day! Yet it has not been an easy market for rail to penetrate.

The key challenge faced by rail is to be cost-competitive with road freight. A double-decker road trailer used by many logistics companies is a very efficient beast, and even a regular trailer can be hard to beat on a cost per tonne basis.

One of the reasons is that a standard rail container or swap body cannot convey as many full pallets as a road vehicle, meaning

that each load is effectively carrying a cost penalty.

This is hard to tackle, but there are new innovative designs of containers being prototyped to try and squeeze extra loads onto the train. This includes a unit built by Nestlé with a lifting roof, to enable a second pallet to be stacked inside while still achieving W12 gauge on the network. If successful, these new units will help improve rail's productivity, closing up that cost gap.

Another cost element is any road transport needed between the final railhead and the customer. Although the distance may be fairly short, this leg could add as much as £150- £200 to the total journey costs of a container - And if one is needed at each end of a domestic journey, the additional cost can be a real barrier to modal shift.

This is why the industry has been investing so heavily in SRFIs (Strategic Rail Freight Interchanges), where the warehousing is co-located onsite with the rail terminal, eliminating the need for off-site road movements, and thus saving considerable costs.

With more and more of these locations being built, the opportunity to create a network of services is now a reality (albeit that some areas, particularly the North West, are underserved presently).

However, the biggest barrier to the growth of domestic traffic is aggregation - that is, having enough goods from enough customers to ensure that every train operates fully loaded.

Some customers, such as Tesco or Coca-Cola, may well move enough goods for a full train on some routes. But even they may not have a back load, or a trainload to and from less busy destinations.

Other customers may never be able to fill a train, even though they may have enough for part of a service. So, working out how to fill each train, each way, each day, is a real challenge.

There is no simple solution to this. Technology, of course, plays a part - and there are apps and systems being developed to help provide visibility of rail opportunities, particularly on container trains.

But you can only sell space on a train if it exists, and the train will only exist if a commercial party is prepared to take the risk on running it. And for that, they will want to know there is guaranteed volume. Vicious circle time!

For the rail freight operators, this is difficult. Where it has worked to date is in partnerships with other logistics companies, who have oversight of their entire portfolio of customers and thus all the rail and road movements in their control.

A train which has a bedrock of traffic from one user can then be filled with traffic from another, while gaps which appear 'on the day' can also be used for spot traffic.

So-called 3PLs such as Stobart Logistics have pioneered this model in partnership with customers such as Tesco, and this has undoubtedly grown traffic and brought new businesses to rail.

So far, however, a minority of logistics companies are taking this approach, with many of the big brands still focused solely on road. And even for those that are, it isn't straightforward, with each of their customers having different requirements, different procurement processes, and perhaps different contract lengths.

In order to bring new routes to rail, it therefore needs a mix of collaboration and commercial considerations. This will

"A double-decker road trailer used by many logistics companies is a very efficient beast, and even a regular trailer can be hard to beat on a cost per tonne basis."

Direct Rail Services 66421 Gresty Bridge TMD runs alongside the A9 between Tomatin and Moy, on the Highland Main Line, with the 0505 Mossend-Inverness Tesco liner on July 22 2021. Tesco has been at the vanguard of moving retail goods by rail. NIGEL CAPELLE.



inevitably need a lead partner - most often a 3PL, although there is no reason why it can't be a freight operating company, port, or terminal operator.

There will probably need to be a clear and open discussion on risk share - particularly initially, when the traffic levels have not built up, and with all parties taking some part of this.

And there will need to be customer commitment for a period of time long enough to enable equipment to be committed to the flow, which may well have to be longer than they might be used to on road.

These discussions need to take place in commercial businesses, but there are some areas where public policy can help to support growth.

Firstly, there needs to be a greater focus on this market and its potential, as it is often overlooked in discussions at the expense of deep sea, construction or parcels.

The complexities of the market need to be better understood - in particular, the balance of risk allocation, and parties have to consider how they can help with that for new flows.

Network Rail has worked hard to support new SRFI developments, but the cost and time for new connections remains a challenge, and the relationship with on-network capacity could be better managed.

The Great British Railways Transition

Team's work to look at areas without terminals (such as the South West) is also important and needs to be progressed, whatever happens to the rail reform agenda.

There are also potential fiscal levers that could be used, even within the current funding constraints. Giving more support for new flows at the start, through the existing mode shift grants or track access charges, could give time for volumes to grow and for new customers to be brought on board. This could even be 'cash-neutral' with a tail-off of contribution as services fill.

There are also levers through the planning system - indeed, the support for SRFIs which is currently enshrined in the National Policy Statement for National Networks has been absolutely key to the growth so far. Keeping this in place in the upcoming review of that Statement is essential, as is delivering planning consent for new facilities around the country - whether through the DCO regime or standard planning consent for smaller locations.

As new locations are established, it may also be worth looking at the zoning of nearby warehouses which are offsite but within a close radius, and which could benefit from some kind of discount for making use of the rail terminal.

Delivering more domestic services is, of course, good news for customers and supply chains, but it is also great news for the railways.

"The train will only exist if a commercial party is prepared to take the risk on running it."

The visibility of household names committing themselves to rail is a shot in the arm for an industry struggling to identify a new future. It also highlights the vital role of UK rail - not just for those of us who use it as passengers, but to everyone who buys the products transported on the tracks, opening up a much wider network of interested stakeholders.

Growing domestic traffic and supporting those customers to do more on rail is a huge opportunity, and one that we need to focus on in the year ahead. ■

About the author

Maggie Simpson is executive director of the Rail Freight Group. Previously she worked in a range of passenger and freight roles at the Strategic Rail Authority and Office of Passenger Rail Franchising, including freight strategy development and franchise management. She has also worked in consultancy.

GB Railfreight 66791 and 73966 lead the Inverness-London portion of Caledonian Sleeper's 'Highlander' service across Slochd Viaduct on July 21 2021. The Scottish government will take back the franchise from Serco in June 2023. NIGEL CAPELLE.



Sleeper services seek forward momentum

Having survived privatisation and a pandemic, Britain's night-time passenger trains are enjoying a resurgence in popularity, if not profitability. **ANTHONY LAMBERT** looks at the Sleeper's challenges and prospects

One of the most surprising developments on European railways in recent years has been the renaissance of night trains.

A decade ago, they were seen as being in terminal decline. But in Britain, new stock has been provided for the Caledonian Sleeper, and demand for the three routes has remained buoyant with trains booking out weeks (even months) in advance.

Fully commercial Sleeper services have been part of the British railway scene since 1873, when the North British Railway introduced a Sleeper between London King's Cross, Edinburgh Waverley and Glasgow Queen Street.

From the beginning, the challenges of making a profit were evident: Sleeper cars are bespoke and heavy vehicles; they can be used only once a day; they are operationally complex with more plumbing to maintain and linen to process; and the staff and material costs are significant.

No evidence survives that tells us about the economics of pre-nationalisation Sleeper services. The low prices offered suggest they were seen as something of a public service, and competition on some routes kept the supplement over the normal fare at a lower level than on the continent. One historian has given the cost of using a Sleeper car between Paris and Marseille as 24 times higher than the Edwardian equivalent in Britain.

That fundamental aspect of Sleeper trains in Britain has continued, with per passenger subsidy to the Caledonian Sleeper the highest of any train operating company (TOC). It has also experienced the highest number of complaints of any TOC per 100,000 passengers (395). And although it is a politically indispensable part of Scotland's transport, its operator (and perhaps operations) look set to change within months, following the decision by Scottish ministers to terminate the franchise on June 25 2023.

Caledonian Sleeper services - from London to Edinburgh and Glasgow on its Lowland Route, and London to Fort William, Inverness and Aberdeen on its Highland Route - were part of ScotRail until April 2015, when the franchise was handed to Serco. Even with the subsidy, Serco's bid was too low for it to make any money.

"The rationale for awarding the Caledonian Sleeper as a separate contract was to focus management attention on it, otherwise it is just a niche product within ScotRail that no one pays any attention to."

Mark Smith, The Man in Seat 61

In March 2022, Scottish ministers extended the Temporary Measures Agreement (TMA) for a year until March 31 2023, but in October decided to terminate it. Folding the Caledonian Sleeper into ScotRail is something the RMT union has campaigned for, bringing it in line with the rest of ScotRail, which transferred from Abellio to Scottish Rail Holdings on April 1 2022.

As Mark Smith, the Man in Seat 61, says: "The rationale for awarding the Caledonian Sleeper as a separate contract was to focus management attention on it, otherwise it is just a niche product within ScotRail that no one pays any attention to or is delegated to a junior manager. That's the biggest risk of it going back into ScotRail."

Britain's other Sleeper service is the Night Riviera, operated by Great Western Railway (GWR) between London Paddington and Penzance, and which has been running (at least as far as Plymouth) since 1877.

There was some doubt over its continuation at privatisation, but Smith recalls that withdrawal of the separate Plymouth portion made the necessary cost saving - the full cost of a Class 08 shunter to detach the Plymouth coaches had been charged to the service.

The service remains popular, and GWR reports that "over Easter and during the summer holidays, we regularly hit 100% passenger loadings from London Paddington on a Thursday/Friday, and from Penzance on a Sunday/Monday".

What lessons about night-train operations can be learned from across the Channel, where the unpredicted and remarkable revival of Sleeper services has been largely under the auspices of Austrian Federal Railways (ÖBB)?

CONTINENTAL REVIVAL

In recent decades, a whole range of factors has worked against the success of Sleeper trains on the continent: budget airlines, motorway construction, high-speed trains, an unequal competitive framework, tired trains, and rising expectations of privacy and comfort.

Many had expected Sleeper services to disappear altogether - and in some countries they have (Spain) or almost have (France).

Kurt Bauer, head of long-distance transport and new rail business at ÖBB, says: "Where night trains exist, there is in most cases the political will to do so as PSO [Public Service Obligation] services in Italy, Scandinavia and in Austria, because policy-makers think Sleeper trains should be publicly procured.

"We have always had very good partnerships with neighbours, and especially Swiss Railways, and they became the most important partners when we established a Nightjet network in 2015-16. Also, with Trenitalia for trains to Rome and Milan.

"Germany had other priorities at the time. To address the huge backlog in investment in all rolling stock, it adopted a focus on high-speed trains.

"In Austria, we had a good fleet of Railjets [for inter-city trains], >



A Great Western Railway Night Riviera service prepares to leave London Paddington station in July 2021. ALAMY.

► but we lacked Sleeper coaches. DB decided to disinvest in night trains so we had the chance to procure 42 Siemens sleeper coaches. However, DB remained the operator of Nightjet in Germany.

“It is interesting to see how high-speed can kill Sleeper trains - it happened in Spain, France and Germany, but not in Italy because high-speed served only half of a long country, and it had political will to support Sleeper trains. Austria is far from the high-speed network and we need good connections with western Europe.

“The creation of Nightjet from a PR perspective was so successful because a railway was willing to take full ownership of a brand and customer experience. Until then, the passenger experience was totally fragmented with coaches from several railways making up a train. It was not clear what you purchased, what the service standard would be, what breakfast you would have.

“The creation of Nightjet from a PR perspective was so successful because a railway was willing to take full ownership of a brand and customer experience. Until then, the passenger experience was totally fragmented.”

Kurt Bauer, Head of Long-Distance Transport & New Rail Business, ÖBB

“For the first time, we had an opportunity to become a European player in the passenger market. We didn’t run franchises abroad like NS [Nederlandse Spoorwegen] or Trenitalia. We had a realistic chance to become a European player, and this brought so much energy throughout the railway from management to cleaning staff. It suddenly became the most important product of ÖBB.”

The launch of Nightjet was helped by the *flygskam* (flight shame) movement, which started in Sweden in 2017 and quickly spread through northern Europe. Swedish Railways sold 1.5 million more tickets in 2018 than the previous year.

In April 2020, Air France’s €7 billion (£6bn) pandemic bailout was conditional on the cessation of most flights that competed with TGV services.

But Bauer regrets that the European Commission, although wanting to encourage rail transport, does not address the most important issues.

“We need a level playing field, and we do not have that in Europe. Airlines pay no fuel tax - we pay all the taxes and VAT. Buses don’t pay tolls on Germany highways.

“We shall need PSO on some international services until we have an external world where it can be done competitively. My vision is that we don’t need PSO, and I believe it will have to come on a European level. Minor things would help: the track access charges that we pay for night trains are such a tiny part of all infrastructure revenues that business managers wouldn’t even notice their abolition, yet it would transform the economics of Sleeper trains.

“We need Eurostar to be a lot more co-operative in offering through fares with guaranteed passenger rights. But at the moment, Eurostar is going for high yield with limited trains instead of volume and growth.”

Mark Smith, The Man in Seat 61

“As for keeping costs down, we really look into how many staff we need at different times of year. We have disposed of old rolling stock with high maintenance costs, and built a more homogeneous fleet to standardise maintenance.

“We have invested in a unique yield management system. This is relatively easy for day trains, but there are so many options on night trains - sleeping, couchette, sitting, and various-sized compartments - that it can drive you crazy. The product is so complex that you need advice in purchasing a ticket. We have worked hard on our website to give a clear idea of what you get for your money.

“I think a game-changer for economics will be the new capsule coaches, like Japanese capsule hotels.”

Built by Siemens Mobility, the key feature of the new Sleeper carriages is the accommodation of passengers in capsules instead of ordinary compartments.

Each capsule, known as a MiniSuite, has sliding doors to provide a high level of privacy. It is also equipped with a monitor, reading lamp, charging facilities, coat hook, and a pocket for storing personal belongings to offer a comfortable trip.

There are four capsules in each compartment, located on two floors, and capsules on the same floor can be paired by opening a sliding roller at the head. Each compartment has a special area to

store outer clothing and baggage.

Says Bauer: “People don’t want to share. A Sleeper is easy to sell and so is seating, but couchettes are difficult. The capsule compartment will solve this, providing full privacy for the price of a couchette.”

On the demand side, the market on the continent is predominantly leisure, not least because the business traveller often wants flexibility, and Nightjet trains are often booked months in advance. Offering flexibility can adversely have an impact on loadings, but leisure travellers are willing to pay for a good-quality service.

Although Nightjet operates a Zürich-Hamburg service outside Austria, Bauer says any further services that do not touch the country have to allow an easy return to one of Nightjet’s three maintenance facilities at Vienna, Innsbruck and Graz.

Nor does he see the EuroNight Trains brand, operated by ÖBB in partnership with six other national railways, being folded into Nightjet: “EuroNight Trains have coaches from different countries, so you never know quite what you are going to get. The brand promise of Nightjet is that the train is all Austrian and of consistent standard.”

Consumer research shows that dinner is not that important, but good beer is, and breakfast is always mentioned positively.

Friendly and informed staff are also crucial, says Bauer: “When things go wrong, and there is plenty of scope in running Sleeper cars for them to do so, this can be greatly eased if there are good personnel, and people feel taken care of. When we have complaints, they always end by saying that the staff really tried to help.

“With all these cost and revenue measures, I’m totally convinced there is a business case for night trains.”

PROSPECTS FOR BRITAIN

Mark Smith agrees that costs, not demand, are the problem, and that track access fees are as significant a factor in Britain as on ▶



Mk 5 stock built by CAF was introduced on the Caledonian Sleeper in 2019. The first southbound ‘Lowlander’ to be formed of Mk 5 coaches is hauled through Yaxley (near Peterborough) on April 29 by CS 92014 (operated by GB Railfreight). PETER FOSTER.

► the continent: "In vertically integrated days, the railway didn't save anything on infrastructure by not running the train, so it was zero cost. In some countries, lower charges have been offered for classic as opposed to high-speed routes."

Calls have been made for a revival of the idea to run Sleeper services through the Channel Tunnel. When passenger train plans were being developed during the 1980s, Sleeper services were envisaged from Glasgow, Manchester Piccadilly, Plymouth and Swansea as well as London, operating to Amsterdam via Brussels, and to Paris, Dortmund and Frankfurt. A fleet of 139 carriages was planned, and 45 were built by Alstom before the whole idea was deemed a basket case and the carriages sold to Canada for Halifax-Toronto services.

On the demand side, there would almost certainly be sufficient business for Sleeper services from London to a limited range of continental destinations. But the HS1 track access fees (three times the cost of SNCF), Channel Tunnel access charges, security and border control charges, plus the costs of creating sealed sidings and platforms at end destinations, destroy the prospects for a business case.

The stringent safety regulations attached to operation through the Channel Tunnel are another impediment to developing cross-Channel services, adding complexity and cost. Comparable difficulties have bedeviled Swedish Railways' Stockholm-Hamburg EuroNight service, because of the regulations attached to Denmark's Storebælt Tunnels.

Brexit has added yet further difficulty and delay for Channel Tunnel services. Smith explains: "Non-EU citizens require passport stamps, and in future will require finger printing and checking of ETIAS visa waivers. People now have to turn up for Eurostar 90-120 minutes before departure instead of 30.

"The only way this will change is if they modify the ETIAS process when it is introduced in 2023, and an increased throughput can be achieved by getting rid of retail units at St Pancras to allow larger passport checking facilities."

Open access Midnight Trains plans to launch the first service from its Paris hub in 2024, and its map shows a route to Edinburgh and eight continental end destinations at distances of between 800km

"Open access Midnight Trains plans to launch the first service from its Paris hub in 2024, and its route map shows a route to Edinburgh and eight continental end destinations at distances of between 800km (500 miles) and 1,500km (932 miles)."

(500 miles) and 1,500km (932 miles). Its website gives no indication of how it would overcome the aforementioned challenges and make a return.

Smith argues: "The best we can hope for is a hub at Brussels with trains on to Vienna, Berlin and Prague, with timely links by Eurostar. We need Eurostar to be a lot more co-operative in offering through fares with guaranteed passenger rights. But, at the moment, Eurostar is going for high yield with limited trains instead of volume and growth."

ROLLING STOCK

GWR Night Riviera services are operated by BR Mk 3 stock built at Derby in 1982-84, when 208 vehicles were turned out to two designs - one with 13 compartments, and the other with 12 plus an attendant's compartment.

The fleet was refurbished in 2017-18 with the introduction of keycard locks, new lighting, WiFi, charging points, a wardrobe and under-bed storage.

The lounge car was completely redesigned with bar-style seating in various configurations, and Sleeper Lounges with shower facilities have been introduced at Penzance and Truro to reflect the facilities already offered at Paddington.

For the Caledonian Sleeper, from 2018 - under a £150 million programme, with £60m from the Scottish Government and £50m from the UK Government - Serco introduced new Mk 5 trains built by CAF in Spain.

Midnight Trains is the Future

In 2024 we will launch the first line from our Paris hub. This will lay the foundation for our ambitious plan to create a network of more than 10 destinations, each between 800 and 1,500 km from Paris.

We cannot wait to welcome you aboard. Join us in shaping the future of travel: a combination of modern sustainability and glorious Roaring 20's charm.



MIDNIGHT TRAINS.



When the new stock was introduced on the Lowlander services, there were so many problems (damaged pipework affecting the showers, technical glitches locking toilets out of use, poor room cleaning, staff shortages and strikes) that its launch on the Highlander services was postponed.

It is hoped that the introduction of CAF's LeadMind platform will improve reliability by providing real-time remote monitoring and condition-based maintenance alerts. The process improves the effectiveness of fault diagnosis and optimises maintenance planning to improve service availability, comfort and safety.

Such complexity with stock illustrates why the high cost of Sleeper cars makes it harder to develop a commercial proposition to

“The track access charges that we pay are such a tiny part of all infrastructure revenues that business managers wouldn't even notice their abolition, yet it would transform the economics of Sleeper trains.”

Kurt Bauer, Head of Long-Distance Transport & New Rail Business, ÖBB

ÖBB Nightjet services are often booked months in advance, for a predominantly leisure market. ÖBB.

compete with airlines, even when the ticket price is regarded as rail fare plus overnight accommodation.

While ÖBB has pockets deep enough to place a €750m (£646m) order for new trains from Siemens, other operators can only afford to lease existing stock. This has led to the suggestion that the EU should commission a large fleet of overnight stock for lease to public or private operators - the economies of scale would lower costs and spur the development of more routes.

In the UK, the competitive position of night trains, as well as inter-city trains, was made even more difficult by then-Chancellor of the Exchequer Rishi Sunak halving the air passenger duty (APD) on domestic flights in October 2021, weeks before the UK hosted COP26. While it is arguable that the additional CO₂ emissions may be small, the impact on the competitive position between air and rail was substantial and sent the wrong signal in an age of climate crisis - pre-COVID, 74,500 people a month flew between London and Edinburgh. The counter-intuitive measure was not lost on international media. ■

■ The writer thanks Mark Smith and Kurt Bauer for their kind help. Neither GWR nor Caledonian Sleeper were willing to provide someone for interview.



Passengers queue the length of the concourse at St Pancras International on April 22 to check in for Eurostar services. Since the UK's withdrawal from the European Union, peak capacity at the cross-channel terminus has been cut by an estimated 30% owing to the requirement for additional border checks. ALAMY.

High Speed 1 and the Eurostar conundrum

With tighter border checks imminent and a catalogue of post-pandemic complications facing the high-speed railway's operator, the future of HS1 appears to be at an impasse. **PHILIP HAIGH** looks for solutions

St Pancras, we have a problem. And that problem is space... the space it needs to process passengers through the French border before they can board trains to Paris, Brussels or Amsterdam.

High Speed 1 owns and operates St Pancras International station. Eurostar runs international trains while Southeastern runs domestic trains into Kent over HS1 tracks. For completeness, East Midlands Railway runs trains to the East Midlands and South Yorkshire, but they are not part of this story.

It's perhaps fashionable to look the other way when the words 'Brexit' and 'problem' come into conversations, but this is one of those times when the two are firmly linked and cannot be ignored.

HS1 Chief Executive Dyan Crowther is clear. When *RailReview* asks what she would say to someone who could fix the problems that HS1 (and by extension Eurostar) faces, she replies: "You've got to fix the borders.

"We have a couple of things on our radar for the next 12 months. It's what are our enablers of growth. It's all about international. That's where the appetite is. It ticks the box from a sustainable perspective. It ticks the box because we've got capacity. It just ticks the box on so many levels. But we need to fix the borders."

Travellers to and from the European Union from Britain must now have their passports stamped on entry and exit from the EU. This process takes longer than the checks that took place when the UK was an EU member.

In one of his final acts in the post, Eurostar Chief Executive Jacques Damas wrote to the House of Commons Transport Select Committee on September 26. In his letter, he explained the passport-stamping problem.

"Following the UK's departure from the European Union, additional border checks apply to UK citizens seeking to enter Schengen, as they do to all third-country nationals. Since c.40% of our customers are UK nationals, this has resulted in a significant increase in the processing times at stations. The stamping of British passports by continental police adds at least 15 seconds to individual passengers' border crossing times."

He went on to explain that despite adding an extra French control booth at St Pancras, the longer checks have cut capacity.

"As things stand, peak capacity through the stations is c.30% lower than pre-Brexit. Even with all booths manned, St Pancras can currently process a maximum 1,500 passengers per hour vs 2,200 in 2019."

Jacques Damas, former Chief Executive, Eurostar

"As things stand, peak capacity through the stations is c.30% lower than pre-Brexit. Even with all booths manned, St Pancras can currently process a maximum 1,500 passengers per hour vs 2,200 in 2019."

Were it not for COVID slashing demand, this problem would have become apparent some time ago. Eurostar's reduced timetable mitigated the problem, but with demand now rising as the pandemic recedes, the longer passport checks show themselves in the longer queues around St Pancras.

It explains why Eurostar no longer calls at Ebbsfleet International and Ashford International stations. Damas wrote: "Reopening the intermediate stations (where demand and yields are much lower) would make things even worse, as it would take away from London vital border police resources. The reality of traffic numbers is such that a police officer controls five to ten times more passengers in our large terminals than in intermediate stations."

Crowther explains what's being done to cut those queues. One is to add border officers. Another is to add staff to manage the queues.

She says: "It's given us the chance to innovate, to try different types of technology, so we've been working with Eurostar to try running an app-based queuing system. The whole philosophy of that is to queue on the station, in cafes, restaurants and shops, and we'll call them up 30 minutes before departure. So, we take them out of the physical queue and put them somewhere else.

"It's a bit like when you go to the deli counter in a supermarket and take your ticket. It's the digital version of that. That's been fairly successful and we're looking to see how and when we can expand that and scale it up.

"Eurostar has also done a biometric trial where you integrate your passport information and your ticket information and all of that. So, you just walk through and an iPad scans you and goes 'green, walk through' or 'red, you need to go to this side'. So, a real opportunity to innovate and use technology."

However, the problem is going to get worse with what Crowther describes as a 'googly' fast approaching.

"That's the new entry-exit system. Imagine the queue I have at the moment just to do normal processing... From May next year, which is the revised implementation date, if you're from the UK you have to pre-register, you have to fill in various information, but more importantly you have to do a finger-print test. And you have to do that finger-print test in front of a PAF [French border police] official.

"The challenge we have, and we're working on, is where do those desks go? Because we need 24 of them, we estimate, because you're going to have to queue people.

"We have been lobbying quite hard, as have Eurostar, as have SNCF, to say can we do the pre-registration away from the station? But all the indicators are that it's going to be done at the station.

"So, I'm going to end up with two queues. Eurostar have done >

► some modelling that says you are increasing the queue time, the processing time, to two minutes in total. Plus, you're going to be running two queues which gives us operational issues, which then means for Eurostar to load a train and the way we flight trains at the moment to match the international timetable, we can probably only get a third of the people onto the train that we need to."

A Eurostar Class 374 train can seat 894 passengers. At two minutes per passenger, passport checks will take 1,788 minutes, which when spread across Crowther's planned 24 desks would take 74.5 minutes. If Eurostar were to run an hourly service to each of Paris and Brussels, it's easy to see that St Pancras does not have the space to cope.

At two minutes per passenger, those 24 desks can deal with 720 passengers per hour. With two trains per hour, that implies 360 passengers per train. Or roughly 40% of the capacity of a '374', which supports Crowther's 'one-third' contention.

Even in normal times, that's not economic. But Eurostar is not in normal times. It's an open access operator, so did not receive government support during the pandemic.

In his letter to UK MPs, Damas set out the cold, hard facts of the pandemic's impact: "We had our revenues cut by 95% for 15 months in 2020-21 and were hit hard by the Omicron wave in December 2021 and early 2022, the restrictions attached to which had a further impact of at least £50 million.

"Contrary to the £7 billion in state aid given to our airline competitors - many of whom also have overseas and state-backed shareholdings - Eurostar did not receive any state-backed loans. Our shareholders put a further £250m into the business (almost double the total historic amount ever taken out in dividends), but Eurostar needed to find an additional £500m in commercial debt in order to survive.

"This commercial debt is at considerably higher cost than the loan facility offered to the airlines and Eurostar must continue to meet the demanding financial ratios underpinning these loans."

That's not a situation into which half-filled trains play well. The



"For Eurostar to load a train and the way we flight trains at the moment to match the international timetable, we can probably only get a third of the people onto the train that we need to."

Dyana Crowther, Chief Executive, HS1

company's other option is to run fewer trains, but this comes up against another problem. That problem is that HS1 has the right to recover its costs and investment. It does this by charging train operators access charges. Fewer trains translates into higher charges per train, which will doubtless filter through to higher fares. And raising fares will push passengers back towards airlines. So too will a less-frequent timetable.

The obvious response is to cut HS1's costs, and *RailReview* put this to Crowther. She responds: "We've done a lot already. We looked at the overall cost base of HS1 - be it the costs of having HS1, be it pass-through cost. So, we've shaken down insurance costs, we've challenged business rates, all of which are pass-through costs to the train operators. We've done a huge amount of work on our energy costs where we've been on the front foot, hedging how we do things. We've signed private purchase agreements with energy providers.

"All of that has kind of kept costs down for train operators. Or damage limitation in terms of the environment we're in at the moment. We've taken £2m out of stations as well, mainly by challenging contracts, looking at specifications - and, again, this goes back to a lot of the work we were doing during the pandemic to reduce the cost base."



Eurostar 4022 races through the autumn colours of the Kent countryside on October 24, while on the approach to North Downs Tunnel with the 1256 Brussels Midi-St Pancras International. The operator is currently servicing an additional £500m of commercial debt that was incurred during the pandemic following a 95% cut in revenue. DAVID STAINES.

Eurostar services have been suspended at both Ebbsfleet International (pictured) and Ashford International since March 31 2020. The international operator said in the summer that its Kent stops would not reopen for at least another two years, as it continues to focus on serving its core markets. ALAMY.



Crowther continues: “We’ve had a long, hard look at some of our main contractors, the main one being Network Rail High Speed, and we’re just going into our next periodic review. We signed a revised agreement with Network Rail that enabled them to put more efficiencies on the table. So, we’ve got a broader range of efficiencies.

“We have a long-term relationship with Network Rail High Speed, and what we weren’t doing was leveraging that. Both sides were almost circling each other with handbags going, ‘Well, you go first, then I’ll go’. We just needed to get rid of that and put the customer at the forefront of what we do, because if we don’t have customers, we don’t have businesses.

“Now we’re looking at the long-term relationship and how we can push through efficiencies and productivity measures that can be passed on to the train operator. Because I’ve got the right to recover all of my costs, if that cost base is lower, it’s good news for the train operator. I don’t gain anything by charging more or charging less, so there’s no net gain or loss for me other than the strategic view of keeping the operators.”

This work has led to NR (HS) hitting its efficiency target of just under 10%. It has also put another 7.5% of efficiencies on the table for the next periodic review, which will take effect from 2025.

There’s a balance between costs and resilience, but talks with train operators have allowed it to cut some further costs.

“The further you go into it, the harder it is to unlock. We’re trying to do what we can, control the stuff that’s within our gift... but the bottom line is that we’re facing a situation where we can’t grow.”

Dyan Crowther, Chief Executive, HS1

Crowther explains: “We have a lot of feeder stations that give redundancy and protect service. So, we’ve got agreement from our train operators that we’re going to turn off one of those feeder stations. That will save them £1.2m per annum.

“What we’ve tried to do is give customers options and say the trade-off here is that you can save this much, but you’ve got a little bit less resilience, but the risk is quite low. It’s then down to them to make that decision. That’s another example of what we’ve done to really look at the ops and maintenance costs.”

HS1’s track access charges are both similar and different to those levied by Network Rail on domestic operators.

In the ‘similar’ category come the costs of operating and maintaining the network, although HS1 charges by the timetabled minute to encourage high-speed operation.

In the ‘different’ category is HS1’s recovery of the costs of future renewals. Train operators pay up front for renewals, with the money going into an escrow account as annuity payments. This allows the costs of those renewals to be smoothed over years, with escrow funds rising or falling depending on the level of renewals spending.

Crowther adds some detail: “The main objective of it is that you start paying on ‘year one’, and then that gets smoothed over and you build up money in the escrow accounts to pay for the big chunky renewals when they come.

“There are some exceptions to that in terms of definition of renewals, so (for example) some of the things that are excluded are the renewal of St Pancras roof because that would just skew the escrow payments, and it’s quite difficult to comprehend that from an economic modelling perspective. The other element that’s excluded is the replacement of the signalling system.”

So, when HS1 replaces its TVM430 signalling with ETCS, this will count as a specified upgrade rather than a renewal.

Having to pay now for future spending prompted HS1 to examine whether these payments could be deferred, to help Eurostar through the current crisis.

Once again, the detail comes from Crowther: “On the renewal ►

“The border controls that are coming with Brexit look almost certain to stop Eurostar recovering even to its pre-pandemic passenger numbers, let alone growing. Let that sink in...”

► costs, we led a big piece of work in the last ten months where we were working with the Department for Transport, the Regulator and the train operators to get agreement to suspend the renewal payments, which is the annuity payments. That makes up a third of the track access charge.

“Clearly, as you can appreciate, these things aren’t easy. Everybody has their red line. And what we weren’t able to do, despite giving it a good go, was get ourselves into a position where everybody was comfortable with suspending the annuity payments.

“That was a big disappointment that we weren’t able to get that across the line, because it would have provided some short-term relief, which could have enabled more trains to be run more quickly and effect that faster recovery.”

To the obvious question of what blocked this deal, Crowther replies: “There were a number of things really. At the start of the process, all stakeholders said ‘let’s get our red lines on the table’. Clearly, from the ORR [Office of Rail and Road] perspective, it’s ‘is there a legal framework for this?’

“So, where does that fall? I think when you start trying to do these innovative, radical things, you then start unpicking contractual matrices, competition elements, and you start coming up against things that in the first place you kind of think, ‘I wasn’t really expecting that, where did that come from?’. So, there were a couple of regulatory aspects that the regulator said just weren’t in its powers to grant.

“There were then some of the elements on the DfT where it was like, well, we need to make sure that there is a value-for-money proposition in here that we’re not leaving the escrow funds short so a future operator would have to pay.”

At which point, *RailReview* suggests that what the DfT really means is the bill landing with taxpayers.

“Yeah. So, as you can imagine, what I’m trying to explain here is that it was quite difficult to herd all the cats. It’s not because they didn’t want herding, it’s because there’s quite a lot of policy stuff that needed to be got across the line. It wasn’t for a lack of effort. If it was easy, we’d have done it.”

There’s a balance in any risk, but it seems to *RailReview* that the risk of higher annuity payments in the future must be balanced against the risk of pricing trains off HS1 today, and then having an expensive asset generating bills to be spread across fewer trains.

Crowther notes: “Yes, so the overall costs don’t go up, what happens is the cost per train goes up. What you end up with if the cost per train goes up, you then have Steve White [managing director] on Southeastern going, ‘Well, I can run a train on High Speed [One] or I can run a train on domestic - flipping heck, that cost has doubled! So, to relieve capacity, I’m going to run a train on domestic.’

“Do the maths. If he has the Treasury and DfT breathing down his neck saying ‘you’ve got to take 10% out of your cost base, do it quickly. Not interested in revenue generation, only interested in you as a cost centre for the next 12 months’, what’s he going to do?”

At this point, it’s worth noting that DfT is shouldering some of HS1’s costs through an underpin arrangement that was included in HS1’s concession agreement when government sold it to private investors on a long-term lease.

This underpin agreed to pay for a minimum of 55,000 paths per year for Southeastern. Before the pandemic, Southeastern was using 57,000 paths per year. It’s now using 47,000 paths per year, which means that DfT is paying the paths of services that don’t run.

Meanwhile, Eurostar is using around 16,000 paths per year, rather than the 19,500 it used before the pandemic. That leaves an overall gap of around 5,000 paths, which is 6.5% of the pre-pandemic total.

So, if HS1 has done what it can to cut and control costs, what of the other option? What of expanding its St Pancras facilities so that there’s space for more border officers to deal with sufficient passengers to fill Eurostar’s trains?

It’s something Crowther’s team was looking at before the pandemic, when the international market was growing at 3.5% a year and HS1 was keen to add more destinations such as Geneva and Frankfurt.

“Pre-COVID, we did what we call SPICE work, which was St Pancras International Capacity Enhancement. We completed something we call Baby Spice, because we already had poor customer experience on high days and holidays when we were queuing people out of the station.

“The queues you get today, we used to get on high days and holidays. We created additional departure capability in the arrivals lounge in the arrivals area. So, there’s an additional queuing area in there that we used to trigger because Eurostar knew how many people had booked onto trains, and we could have the sensible conversation with Borders and PAF and say we need additional resources so we can manage the customer experience and keep them off the station.

“That was Stage 1 of our capacity enhancement. The bigger change we were looking at was how we could flip arrivals and



departures. One of the schemes we had was looking at arrivals on the top deck, so a little bit like how they do it at Gare du Nord where you just walk to the end of the platform and depart..."

Through that great glass screen that looks so inviting, suggests *RailReview*?

"Yes, before you then go down the chicane. That then means the arrivals bit downstairs could be reallocated to departures so you could have more space, more lounge so you expanded the restricted zone.

"We'd have to give up some of the retail units - for example, where the *Betjeman Arms* is. Things like that, because that's where you'd put your Borders people. So, you'd have to reconfigure the top part of the station. Everything that's in arrivals at the moment you would need to move upstairs."

So, not quite as simple as putting a door in the glass screen?

"No, it if was that simple, we'd have done it."

The price tag of this work was £50m. It's now likely to be a good deal more, given inflation generally and construction inflation in particular. Not something that can be put on an open access operator that is already having to cope with higher debts and their associated costs.

Put simply, it will cost money to solve the space problem, and that will incur higher charges. And, despite the work on HS1 operating and maintenance costs, it must still charge for future renewals. This produces a bottom line that HS1 is an expensive asset, and that expense is being spread more thickly onto fewer trains and

"High-speed rail is being put forward as a sustainable choice, a sustainable transport mode, and I'm looking at a mode that's going to become less sustainable because the elements needed to support it just aren't there."

Dyan Crowther, Chief Executive, HS1

passengers. This has all the hallmarks of a downwards spiral.

How can HS1 square these circles?

"I can't. I really can't," replies Crowther.

"These are things that are happening outside of my control, outside of the railway's control. It's a combination of policy, physical interventions - it's symptomatic of outputs coming in the system now that were just not foreseen. It's nobody's fault. It's a little bit, OK, these are the challenges we're facing at the moment, we're not sat on our hands, we're trying to fix it, and everyone you talk to goes 'My God, that's a real issue, isn't it?'"

"The further you go into it, the harder it is to unlock. We're trying to do what we can, control the stuff that's within our gift - putting resources into queue management, get more resources in to protect the customer experience, how we can use digitisation so that people do stuff that reduces cost. But the bottom line is that we're facing a situation where we can't grow.

"And if I can't grow against a baseline that is lower than where we were pre-pandemic, that then starts to throw question marks over the many socio-economic benefits that high-speed brought."

That's the rub. The border controls that are coming with Brexit look almost certain to stop Eurostar recovering even to its pre-pandemic passenger numbers, let alone growing. Let that sink in...

Crowther continues: "We're starting to talk about the opportunity that's lost because of these geo-political challenges that we're now facing. They need geo-political solutions. That's not me moaning, it's just where we are.

"I can work on the domestic side of things. We can restructure to lean into the leisure market of things. We can be agile around that.

"But on the international side, it's been a strategic objective of HS1 for some time to get a second international operator to get more destinations. If I've got one operator at the moment, and growth is pretty flat because my big constraint is terminal capacity because of how we process our borders..."

Because there's no space?

"Yeah. So, a geo-political problem which needs a geo-political solution. I think there will be one, but it's getting stakeholders within the system to want to be able to fix the system because it affects economies, be it the economy of London, Paris, Brussels or Amsterdam, and then spills over into country economies.

"High-speed rail is being put forward as a sustainable choice, a sustainable transport mode, and I'm looking at a mode that's going to become less sustainable because the elements needed to support it just aren't there."

The opportunity lost becomes very apparent when you hear Eurostar Chief Commercial Officer Francois Le Doze talk about Amsterdam.

He tells *RailReview*: "Our London-Netherlands route presents an exciting growth opportunity. With just three services a day, in July this year we became the third-largest operator on this route. In September, we introduced a fourth return service, and given the scale of the air market and increasing consideration of sustainable travel, we see huge potential."

For this potential to translate into reality, you need what Le Doze describes as a "fluid border".

But with tighter and lengthier checks coming next spring, the border will become more solid than it's ever been. That doesn't bode well for Eurostar or High Speed 1. ■

Eurotunnel Krupp locomotives 0002 and 0001 approach the Medway Bridge near Cuxton on June 4 2021 with the 0627 Singlewell depot-Dollands Moor transfer, having been utilised for rail grinding work the night before. HS1 Ltd continues to try to cut its cost base in a bid to pass on efficiencies via lower track access charges to operators. DAVID STAINES.





Jason Chamberlain

Partner, Bryan Cave Leighton Paisner LLP

Brexit promised us we would take back control of our borders. And we will at St Pancras, just as soon as we can find enough time and space for French police to check our fingerprints as we leave our own third country.

You see, what no one appreciated was that borders have two sides to them, and we asked our EU counterparts to draw their side with a red line that we cannot cross without first checking our blue passports.

The railway's entire problem is space - be it the aching void of leadership while we wait for legislative space to create GBR, the supposed massive hole in the supposed budget, or the actual massive industrial action hole in the timetable. At St Pancras, the problem is a lack of it, leading to lengthy queues.

To borrow from Betjeman, the saviour of whatever space there is at St Pancras:

- It's not PAF's fault they do not know
- The foreign from the Ang-I-o,
- It's not their fault they often go
- To Amsterdam

It's not HS1's fault either, but it's certainly their problem without the financial and political help to solve it.

Never mind, though. Us Brits love a queue, don't we? And what's better than a queue? Two queues. The deli-counter approach might help if the technology can be made to work at scale. But it doesn't sound like this, or even Baby SPICE, will be enough to stop the queues zig-a-zig-ha-ing round the station when the new system comes in.

These human trains might be as close as we get to an actual one, causing the opposite space issue on High Speed 1 itself, since whatever trains there are will go without us if we haven't managed to get through security. Nor is there any help to be found on maximising the number of services to cope with increased passenger numbers. It says much about current priorities.

Let me see if I have this straight: the DfT says no to HS1 deferring operator renewal payments, for fear of possibly being stuck



As I was reading this article, there were a couple of relevant news items that appeared at around the same time.

The first was a story that new technology should allow airports and airlines to get rid of the ban on liquids in controlled areas. This ban is one of the many security-related initiatives that make flying time-consuming and difficult, so getting rid of that will increase the attraction of flying. As one commentator said: "Scrapping liquid restrictions at airports will be a massive benefit for passengers and for airport staff, both saving valuable time through security, and also improving the overall departure experience."

Secondly, the French Government was given permission by European authorities to ban short haul flights where high-speed rail services exist. This was a post-COVID initiative to "build back better", and is about cutting carbon emissions. It will also involve a crackdown on private jets, notably those from Paris to the Riviera (a report by the European Federation for Transport & Environment found that they are 50 times more polluting than trains). More generally, European countries are reviving rail Sleeper services and



Stephen Joseph

Transport Consultant and former Campaign for Better Transport CEO

trying to make trains more competitive with air and road.

In that context, this article suggests that the UK Government has some way to go. While flying is to be made easier, HS1 and Eurostar are being hamstrung by more and more border controls and requirements.

Coping with existing requirements is bad enough and adds to Eurostar's and HS1's costs, but it is clear that Dyan Crowther doesn't



Southeastern 395022 stands at St Pancras International with a domestic high-speed service on September 13. Experts have warned how the difficulties affecting HS1 could lead to higher charges for Southeastern to use it. PAUL BIGLAND.

“...it doesn't sound like this, or even Baby SPICE, will be enough to stop the queues zig-a-zig-ha-ing round the station when the new system comes in.”

with the bill later. Poor value for money, it is said. That decision sets in motion a cascade of further decisions, leading to an economic outcome which puts in mind a French farce.

Listen very carefully, I shall say this only once: the non-deferral of renewal payments causes cash-strapped Eurostar to decide to run fewer trains, so that it can meet those payments; Eurostar's decision causes HS1 to put the cost per train up, to continue covering its overheads; HS1's decision will cause Southeastern to bear more of the financial burden of running on HS1.

So, under pressure from its paymaster, the DfT decides to further reduce the number of trains it runs on HS1 in favour of running on the cheaper, non-high-speed network. Southeastern's decision brings things full circle, causing the DfT to pay a larger bill now for running fewer domestic trains than it promised when it flogged HS1.

In other words, there's apparently more value for money in the Government definitely paying today for notional trains, than a private sector operator paying for actual ones, and the Government possibly paying tomorrow for the infrastructure's upkeep. Taking in more of the Continent.

This is a passenger announcement. Will a Mr Kafka, that's a Mr Kafka, please make his way to Platform 10, where his train is not waiting.

We appear to have reached an outcome that, not for the first time, is the worst for the passenger. This is because to Betjeman's tinned minds at the Treasury, there is a solution right there with their Green Book approved 'do-nothing' approach, even though they don't call it that any more. Inevitably higher fares and a miserable experience at St Pancras will self-regulate the queues.

What this myopia misses is that the railways, including the high-speed one we have, are a national asset. And ultimately, if the passenger isn't paying, we will all be paying.

yet have a plan to sort out the new requirements imposed by the entry-exit system next year. Nor has she been able to get agreement (especially from the Government) to cut costs by suspending annuity payments.

As she says, this is bad enough. But, in fact, the UK Government is doing itself down because it means that it is paying for paths that Southeastern Trains can't afford to use, so Kent commuters are getting slower services.

Unfortunately, this is another example of a Brexit blame game, in which the UK blames Europe for imposing requirements and costs and the EU blames Britain for insisting on being a third country in European terms, which means these requirements are inevitable. The losers are travellers, the UK taxpayer, and the environment.

“While flying is to be made easier, HS1 and Eurostar are being hamstrung by more and more border controls and requirements.”

It sounds from the article as if HS1 and Dyan Crowther are doing their best to find ways round all this, and actually run train services that are attractive and which people will pay to use. However, they are up against it - as we've seen from the rest of the rail system in Britain, the UK Government (especially the Treasury) will do anything rather than agree to something that might conceivably add to costs and risk to taxpayers, however remote.

In an alternative universe, a UK government might want to reach agreement with the EU and the French government to manage border controls better, as part of a wider policy of encouraging international rail use and reducing short-haul aviation and its contribution to carbon emissions.

The combination of Lumo and LNER, which have improved London-Edinburgh rail services, has increased rail's mode share there to 57% (from a pre-pandemic level of 35%). Imagine what might happen to rail's mode share between the UK and the near Europe cities if HS1 and Eurostar were given even a little bit of freedom from the costs and regulation now overwhelming them.

How rail functions under devolved authorities



What can England learn from the operating models put in place by UK devolved transport authorities?

The allocation of responsibility for the delivery of passenger services and infrastructure management, to best deliver policy objectives and achieve value for money, remains a matter for debate.

There is a post-pandemic opportunity to consider how best to incentivise modal shift to rail as a sustainable mode of travel, to improve connectivity, stimulate innovation, and improve the customer experience.

Within the UK, different devolved bodies are implementing different solutions.

WALES

In Wales, there has been significant activity over the past few years with an Operator of Last Resort (OLR) being appointed, construction work for the South Wales Metro progressing, and new rolling stock being delivered.

Strategic vision for Wales and devolved powers to deliver

Llwybr Newydd, the Wales transport strategy, was published in 2021 and sets out an ambitious vision for an accessible, sustainable and efficient transport system. Plans include working with Network Rail to improve rail infrastructure - including electrifying routes, developing new stations, and improving the infrastructure's resilience to flooding and extreme weather.

Since 2018, when the Welsh Ministers (Transfer of Functions) (Railways) Order was made under the Government of Wales Act 2006, the Welsh Ministers have acquired additional devolved powers to deliver this vision.

The Order established the Welsh Ministers as the franchising authority for services wholly within Wales and the Welsh component of any cross-border service included in the Wales & Borders franchise. The Secretary of State for Transport remains the franchising authority for the English

component of any such cross-border service, but has appointed the Welsh Ministers to act as his agent in relation to those services.

Welsh infrastructure

The Wales & Borders franchise includes classic network owned by Network Rail and the Core Valley Lines (CVL), which since March 2020 have been owned by Transport for Wales and leased to a private sector company (Amey Infrastructure Wales Limited, AIW).

Under this innovative arrangement, AIW is responsible for the repair and maintenance of the CVL track and acts as its infrastructure manager. The stations on the CVL network are sub-leased to the operator of the Wales & Borders franchise.

AIW is also responsible for delivering transformation works on the CVL. This multi-million-pound package comprises the electrification of track, installation of overhead line equipment, station and signalling upgrades, and the construction of a new depot and control centre at Taffs Well.

Passenger service operations

In 2018, the Welsh Ministers procured a private sector entity both to operate passenger services and to act as the infrastructure manager of the CVL as part of a vertically integrated solution.

However, during the pandemic the vertically integrated solution dissolved and Transport for Wales Rail Limited (TfWRL), a wholly owned subsidiary of TfW, was appointed as an OLR.

In summary, the Welsh Ministers (through TfWRL) have a firm public sector grip on the delivery of rail services, while the

infrastructure management of the TfW-owned network is outsourced to the private sector.

SCOTLAND

Here, rail services predominantly comprise the ScotRail franchise and the Caledonian Sleeper, which offers overnight trains between London and cities across Scotland.

Strategic vision for Scotland and devolved powers to deliver

The *National Transport Strategy 2* was published by Transport Scotland in 2020, amid uncertainty regarding the impact of the pandemic. The strategy focused on delivering four priorities: reducing inequality, taking climate action, delivering inclusive economic growth, and improving health and wellbeing.

The second delivery plan (2022-23) was published in June 2022, and recognises the environmental benefits of rail freight and commits to decarbonising passenger rail services by 2035.

The Scottish Ministers have the necessary devolved powers to deliver this strategy. They are the relevant franchising authority for the ScotRail franchise and the Caledonian Sleeper service under the Railways Acts 1993 and 2005.

Scottish infrastructure

Like much of Great Britain, Network Rail is responsible for Scotland's railway infrastructure. Instead of vertical integration, the focus here has historically been on establishing strong alliancing arrangements between Network Rail and the operator, which aim to bring greater efficiencies and passenger benefits by delivering station

"There is a post-pandemic opportunity to consider how best to incentivise modal shift to rail as a sustainable mode of travel, to improve connectivity, stimulate innovation, and improve the customer experience."

REGION	OPERATIONS	INFRASTRUCTURE
Wales	Public sector OLR	CVL owned by TfW and managed by the private sector.
		Other network owned and managed by Network Rail.
Scotland	Public sector OLR	Network Rail owned and managed infrastructure. Alliancing arrangements in place.
Northern Ireland	Public sector operator	NITHC owned and managed infrastructure under a vertically integrated solution.

improvements, electrification works and accessibility schemes.

Specific projects currently under way include construction of the Levenmouth rail link and electrification between Barrhead and Glasgow.

Passenger service operations

On April 1 2022, ScotRail Trains Limited was appointed to operate the ScotRail franchise as an OLR. ScotRail Trains Limited is owned by Scottish Rail Holdings Limited, a public body under the control of the Scottish Ministers.

The Caledonian Sleeper franchise was awarded to Serco Caledonian Sleepers Limited under a 15-year contract which took effect in March 2015. During the pandemic, the Scottish Government put in place a series of Emergency Measures Agreements to ensure continuity of the service. Those arrangements came to an end in February 2022, and now a further Temporary Measures Agreement has been agreed which will be in place until March 2023.

There have been recent changes in the operator market, with open access operator Lumo launching a new service between London and Edinburgh in October last year.

In summary, there are similarities between Scotland and Wales, as both have taken public sector control of most operations. However, in Scotland there has been no devolution of infrastructure ownership.

NORTHERN IRELAND

In Northern Ireland, Translink provides bus, rail and coach services under its arrangements with the Department for Infrastructure (DfI). A comparatively small market (with international train services) is characterised by integration.

Strategic vision for Northern Ireland and devolved powers to deliver

The *Regional Development Strategy 2035* was published by DfI in 2010. It includes commitments to improve connectivity, maximise the potential of the regional strategic transport network, and use the

railway infrastructure more efficiently.

The railways in Northern Ireland are completely devolved, and are owned, managed and operated on an almost entirely vertically integrated basis. The exception to this is the Dublin to Belfast line on which the Enterprise service operates, which is run jointly by Translink and Iarnród Éireann.

Northern Irish infrastructure

The Northern Ireland Transport Holding Company (NITHC) was established under the Transport Act (Northern Ireland) 1967 (the 1967 Act) to hold and manage transport services as a commercial enterprise. It ultimately owns both track and trains.

Given EU derived regulation which requires the independence of infrastructure managers, NIR Networks Ltd was established as a wholly owned subsidiary of NITHC and acts as the relevant infrastructure manager.

NITHC is carrying out asset management activities and renewals, alongside delivering new infrastructure projects, such as the development of a new Belfast transport hub at Weavers Cross.

Passenger service operations

Northern Ireland Railways Limited, a subsidiary of NITHC, is required to provide passenger rail services under the 1967 Act. Together with its sister companies (principally Citybus and Ulsterbus), it does so under the brand name Translink.

As the Transport Act (Northern Ireland) 2011 requires DfI to secure that most public passenger transport services continue to be provided by NITHC and its operating subsidiaries, the passenger operator market is generally dominated by Translink.

For an extended period, Northern Ireland has therefore been an example of an integrated, ultimately publicly funded, transport system. Key relationships have developed between NITHC and its government sponsor department to make this workable and efficient.

SUMMARY

Under the *Integrated Rail Plan*, Great British

“A balance will need to be struck to ensure that investment is targeted in a way that delivers for both local communities and the country as a whole.”

Railways (GBR), is to act as the ‘guiding mind’ for the GB rail system. It would be responsible for both infrastructure management (across GB) and for procuring passenger rail contracts (in England).

While GBR is to have five regional divisions, and the intention is for devolved authorities to continue to exercise their powers, concerns have been raised by some that having a single national body with such a broad remit could result in investment decisions being further removed from the needs of local communities.

We have seen from the examples above that devolved infrastructure ownership and management can be structured in a variety of different ways. They show what can practically be done to try to deliver a model that encourages investment focused on connectivity and end-to-end journey solutions that meet the needs of the local communities.

However, this needs to be balanced against the need to ensure that a national strategy is developed and delivered that unlocks economic growth and supports levelling up across the UK.

The *Future of Freight Plan* published in June 2022 emphasised the importance of establishing a cross-modal national freight network, to enable the Government to prioritise strategically important freight corridors for investment. And the *Union Connectivity Review* published in November 2021 included recommendations for the design and implementation of a strategic transport network spanning the length and breadth of the UK.

As GBR is established and associated policy developed, a balance will need to be struck to ensure that investment is targeted in a way that delivers for both local communities and the country as a whole. ■

About the author

Ian Tucker is a Partner at Burges Salmon. A specialist rail lawyer who has acted for sector clients for over 15 years, his background is in UK and EU rail regulation and industry dispute resolution.

Northern 156448 stands at Bedlington station on June 7 2008, with a special charter to demonstrate the Northumberland line's passenger potential. Network Rail has since commenced work to upgrade 18 miles of track and open six new stations between Ashington and Newcastle by 2024. An innovative new Land Value Capture model has secured more than £40m in funding contributions from local landowners towards the reopening project. JOHN BRIERLEY.



Can land value capture set projects free?

The concept has been used for many years, mainly in London and the South East. Could land value capture agreements be the answer for transport schemes elsewhere in the UK? **PETER PLISNER** investigates

Land Value Capture (LVC) is defined as a set of mechanisms that can be used to monetise the increase in land values that arise from being in the catchment area of public infrastructure projects.

Put simply: if you live near a railway station which has a direct link into a nearby town or city, there's a fair chance that your house will be worth more than a similar house in an area where there's no such facility. And if you decide to sell it, then you'll be able to realise that uplift in value.

Of course, no one is suggesting that you'll have to surrender part of that profit, aside from having to pay Capital Gains Tax if you're not buying another house.

Now, consider if you live in an area where there are plans for a new station. You have some land next to your house, and you decide to build on it and then sell the new dwelling. The prospect of the new station might mean an increase in the price of that new house, but only when it's fully funded and work starts will you see the full increase in value.

In short, LVC agreements effectively help to determine and then capture a percentage of the additional increase in value, which is paid once the station is built and you have permission to build the new house.

Those behind LVC agreements work with local landowners and secure a percentage of this additional value, thereby creating the opportunity to build the station much earlier - to the mutual advantage of the transport provider, the landowner, and the people who will use the railway.

LVC agreements aren't new. They've been used in the UK and around the world for many years to capture payments from private sector developers. Indeed, in some places they've also been used for transport projects.

We've all heard of the Metro-Land marketing brand created by London's Metropolitan Railway back in the early 1900s, as it expanded its network out to places such as Harrow, Wembley, and even Amersham in Buckinghamshire.

Unlike other railway companies, the Metropolitan had an advantage over others who had to sell surplus land when construction was completed. The Metropolitan was able to retain

it and, realising the potential for an uplift in land values because of the extended lines, set up an independent company - Metropolitan Railway Country Estates Limited.

Hundreds of acres of land along its tracks were available to sell and then to house future customers. It meant a further source of funding for it to continue the rapid expansion.

Fast forward a few decades. In Hong Kong, faced with a rapidly growing population, the Mass Transit Railway (MTR) Corporation was established to mastermind the expansion of the then-colony's mass transit system. It developed and built more than 150 miles of new lines and 168 stations. It would also actively develop mixed-use retail, residential and commercial properties.

This later became known as the 'Rail + Property' revenue model, with leasehold payments or sales generated from MTR's expansive property portfolio, complementing the farebox revenue from its railway business.

Income from property is now thought to account for as much as 50% of MTR's revenue. This is now the source of working capital to invest in new infrastructure.

Speaking to *RAIL* earlier this year about his experience in Hong Kong, MTR's UK CEO Steve Murphy said: "The most profound characteristic to stick with me was the realisation that whenever you improve railways, you do dramatic things to land values. What I realised quickly in Hong Kong was that this was an implicit part of their business model, with the property and operational sides mutually supporting each other."

Like most places, the COVID pandemic has hit MTR's farebox income, but Murphy maintains that the property arm performed well: "You end up with this virtuous circle that railway investment increases land value, creating an income stream to support and help build more railways."

Back in the UK, local councils have often preferred to use traditional methods for raising funds from developers, including Section 106 agreements and community levies.

Now, with less money available for things such as rail improvements as a result of greater levels of government borrowing during the COVID pandemic, there's renewed interest in LVC agreements as a way of bridging (what are perceived to be) an ever-growing number of projects where a funding shortfall is preventing them from progressing as quickly as had originally been planned.

Back in the 1990s, a report by Don Riley of the Centre for Land Policy Studies calculated that the uplift in land and property value along the route of the Jubilee Line extension to London's Docklands was likely to be around £13 billion.

The capital cost of the scheme was around £3bn, but it's thought that only a small contribution to the cost of the line was secured from developers - including at Canary Wharf. Most of the uplift in values from the new line was never captured.

Although those on the route of the Jubilee Line might not have ►



"The most profound characteristic to stick with me was the realisation that whenever you improve railways, you do dramatic things to land values."

Steve Murphy, UK CEO, MTR Corporation

► contributed to the profits gained from land uplifts, when it came to other London projects things were different.

Crossrail (now the Elizabeth line) did manage to capture funding from some developers. Based on land value uplifts, developer contributions of up to £3bn were extracted through a special levy as part of the business rates regime.

The levy needed primary legislation and permission from the Treasury to hypothecate the proceeds back into the new line. It meant that the Greater London Authority could borrow against future income from the levy.

Further funds were captured through the Mayoral Community Infrastructure Levy (MCIL) charged against both commercial and residential property developers. The two levies are thought to be raising between them around £400 million per year across London.

But some suggest that it's a blunt tool when it comes to raising money for specific infrastructure, because it's charged across the whole of the capital and not specifically along the line of the route.

However, Julian Ware, Head of Corporate Finance at Transport for London and one of the architects of the funding mechanisms used, says: "Because the Elizabeth line passes through some of the most valuable parts of London real estate, quite a lot of the revenue is raised along the line of the route. We also argued the new line would move London's economy as a whole and create employment, so everyone benefits.

"Even if you're a shop owner in Kingston, actually more people will get jobs in the city and Canary Wharf, because the economy has improved and because of the Elizabeth line. Then, at the weekend, those new workers will go and spend their money in a wide variety of places across London."

On another major project, the extension to London's Northern Line to Nine Elms and Battersea (like the Elizabeth line) used two mechanisms to raise additional funds.

Again, one was based on developer contributions and the other a business rates increase. But crucially, the income here paid for the whole scheme, rather than just part of it.

The income also comes directly from the area that's benefiting from the extension, rather than the whole of London. It's thought that around 30% of the funding has come from developer contributions, related to the buildings that have gone up as agreed with the local councils. The remaining 70% comes from the area being declared an Enterprise Zone.

Within the zone, the growth in business rates is diverted away from conventional spending and instead goes straight to the Mayor of London. That in turn allows the Mayor to borrow against what could be a 25-year stream of income, which is then handed to TfL to build the new line.

Ware explains: "If you can imagine the power station building ten years ago. It was derelict and there wasn't much in the way of business rates being collected. If you look at it now, with the shops open and the offices coming next year, the tax revenues are increasing dramatically and most of that extra is going to the Mayor."

What works in London doesn't necessarily work elsewhere in the UK. However, one place where a transport-related land capture deal is working is in Northumberland, which has pioneered an LVC agreement on a rail project.

Northumberland County Council has become the first authority in the country in modern times to strike an LVC agreement with landowners.

In 2014, it began working with Edinburgh based E-Rail to ascertain whether the company's LVC method could be used to help fund the

reintroduction of passenger services to the Northumberland Line between Newcastle and Ashington. The deal has been struck with landowners at more than 20 sites along the line.

E-Rail's method of quantifying the uplift concentrates on land and property within 1km (0.6 miles) of the construction of a new transport project.

The company reckons that existing housing stock increases in value by around 20%, and maintains that by sharing this generated increase in value, the transport provider gains significant funds that do not have to be paid back and the landowner/developer secures a considerable rise in property value. The earlier that contribution agreements are reached, the earlier scheme certainty can be achieved, and the more the LVC can generate.

Unlike Community Levies or business rate increases, such agreements (using E-Rail's method) do not require any new legislation. They can be put in place relatively quickly, by any council or transport agency in the UK promoting a project.

And experts have been quick to applaud what's been done in Northumberland. Transport Consultant Stephen Joseph says: "Previously, land capture deals were targeted at developers or based on business rate supplements around the stations. This is rather different, in the sense that it's a charge on the land. I think people have forgotten about this one. Letchworth Garden City was built around this stuff. So too was Metro-Land."

E-Rail Director George Hazel maintains the concept is ideal where there is a funding gap that's stopping the scheme from progressing: "Landowners don't pay upfront. They only pay when

Opened in September 2021 to assist the regeneration of the area, the £1.1bn Northern Line Extension to Battersea power station was paid for through a combination of developer contributions and an increase in business rates. ALAMY.



the value uplift occurs, and we find they're still interested even though a scheme may or may not happen and they may or may not get planning permission.

"They take the view that if they sign the contribution agreement, they will only have to pay (say) 50% of the uplift that will happen, as calculated by property agents. They still retain some of the profit and, ultimately, they might get a better planning permission because their development is now close to a railway station."

But unlike the levies used in London, LVC contributions along the route of the Northumberland Line are based on voluntary participation until the contribution agreement is signed. After that, the agreement is a legal commitment built into the title of the land.

It could be, therefore, that some landowners refuse to take part, although this is rare. The risk they run is that the funding gap will not be closed, the project will not be delivered, and none of the landowners will get the extra value from the railway.

Hazel: "If somebody doesn't sign up, and that's rare, there's nothing we can do about it except that there is a risk for that person and all the others that the scheme won't then happen, and they won't get the extra profit."

Those landowners who don't sign up for an LVC agreement could later have to pay out through the more traditional developer contribution methods, such as Section 106. And having established a value along the route through the LVC process, they could ultimately have to pay more of their profits through an alternative non-voluntary land capture agreement.

"At the end of the day, we've secured £40m, more than any other



"Landowners don't pay upfront. They only pay when the value uplift occurs, and we find they're still interested even though a scheme may or may not happen and they may or may not get planning permission."

George Hazel, Director, E-Rail

method would have raised," says Hazel.

And crucially, unlike other land capture methods, the latest concept in Northumberland targets the landowner - not the developer or tenant. And the way it's being done there has the added value of potentially creating more public transport and sustainable developments around the stations.

Joseph explains: "The incentive is to reduce car parking and create denser and more walkable developments, because you're developing around public transport stops and stations.

"That makes it more likely that people will walk to the station and might not even own a car. This will create 'transit oriented development', as they call it in the US.

But to make an LVC work, you do need a certain level of certainty that a scheme will be built. And that's not always easy, particularly in the early planning stages. If the lead time is too long, contributions under LVC agreements might also be difficult to achieve. And there's a third major problem: the political appetite for what is, essentially, a wealth tax.

Henry Kelly, economist at sub-national transport body Midlands Connect, maintains that it's not always easy to work out who would benefit from the uplift in value: "It's quite difficult. You have developers. You have standard freeholders. Then you might have leaseholders. And then you have tenants, who are probably the people that will end up paying more, because they have the benefit.

"And that's just the residential side. If you think about the complexity of structure that you will have on a lot of commercial and retail developments, you end up wondering: who are you taxing and how are you taxing them?"

Even Kelly agrees that Land Value Capture will become more popular because of falling levels of Government finance available. However, he highlights another potential issue related to the structure of local government.

"The problem is the link between the planning body and the transport authority. Who's building the scheme and who is approving it? With two tier local government, that could become quite problematic."

There's little doubt that the dwindling amounts of central government funding are pushing local transport planners down the route of alternative fundraising methods, and that LVC agreements such as the ones signed in Northumberland look set to become a common arrangement.

Another solution could be greater utilisation of the 'rail + property' model captured in Hong Kong some 50 years ago. But if the Hong Kong model is to be followed, then train operators and the Government will need to ensure they are properly incentivised to invest, through the new Passenger Service Contracts and the wider rail reform that is set to replace the traditional franchising model.

Land value capture deals have the potential to capture more funding, and much earlier than other methods.

Stephen Joseph is of the view that the latest land value capture concept could help to make a difference: "It depends where we go on broader issues such as house building and the planning system, but if you do some of this then you might have housing around public transport rather than roads." ■



Rail at the heart of a brighter, greener world

On his retirement in 2040, veteran transport journalist **GEORGE PANGLOSS** looks back on the seismic changes on the railways and complementary modes of transport since the dark days of the early 2020s...

Who, in 2022, could have imagined that 73% of Britain's railway network would have been wired by 2035... that container trains for Plymouth and South Devon Freeport would be running via Okehampton and Tavistock... or that stations had regained their 19th century position as the epicentre of communities?

Looking back, no one in 2022 could have anticipated the accelerating pace of change on our railways and transport generally, following the environmental devastation of the mid-2020s.

The huge scale of global heatwaves, wildfires, droughts, dust storms, floods and smogs finally prompted most governments to translate climate talk into the Draconian action the situation demanded. And not before time.

Governments finally recognised that in the drive to reach net zero by 2050, winning slowly was the same as losing, and in Britain the only way to make the changes needed was to form a national government.

Party politics were effectively suspended, and an effort was made to adopt a more collegiate style of government that put country and competence before sectional interests.

Huw Merriman, one of the few rail ministers who really wanted the job, became Transport Secretary and created what was arguably the first coherent transport policy for England since the 1945-51 government (Wales and Scotland had devised integrated policies by the early 2020s).

Realising, in Merriman's words, that "rail is one of the best returns on investment that taxpayers can ever make", government placed the railways centre stage as the backbone of transport.

Their value was enhanced by recognition that greener transport and rail investment provided solutions to other problems, whereas roads created more problems than they solved. Road construction was limited to building a few bypasses, providing Dutch-levels of cycling infrastructure, and putting an end to potholes.

The siloed thinking of ministries was replaced by mutually supporting policies to effect change. All government decisions were viewed through the prism of climate change to provide joined-up thinking.

A fundamental part of a coherent transport policy of mutually reinforcing measures was a revised hierarchy for investment and taxation, determined by their contribution to carbon reduction. Road pricing replaced fuel duty, with charges that reflected the local

availability of greener modes (to avoid penalising areas that lacked realistic alternatives to an electric car).

Public acceptance of the need for radical change had been steadily developing, owing to recognition of its positive aspects as well as anxiety over constant weather disasters and the huge health costs attached to pollution.

After years of asking for decisive and consistent government action, the business community convinced government that a major element of economic revival and net zero should be new green technologies - particularly tidal power, in which the UK became the world leader, creating tens of thousands of new jobs and substantial exports of equipment.

Britain finally had a government that understood a fundamental fact of railway economics: that they have high fixed costs, and the only way to defray them is by intensive use.

Fares reform based on single-leg pricing simplified the system, helped by app-based pay-as-you-go ticketing, which had the same effect in boosting public transport use as the Oystercard had in London from 2003.

The low prices offered by Austria's *KlimaTicket* proved unaffordable in the UK, but very low fares for children did succeed in growing an already resilient family leisure market.

Public transport information was revolutionised by providing all modes, including car and e-bike hire, on a single app with real-time operating details.

Arguably the greatest single agent of change was a rigorous reform of planning, which put an end to the idiocy of creating car-dependent developments in an age of climate crisis.

By the end of the 2020s, electric or driverless cars were no longer seen as a panacea for individual mobility. Conflict over lithium and other rare materials required for their production, and dominant control of them by China, made them prohibitively expensive.

The Holy Grail of devising safe driverless cars in dense urban environments proved a fantasy. Test beds for driverless cars showed that it was impossible for them to operate safely in an environment that contained pedestrians and cyclists. Average speeds achieved in urban areas were even lower than driven cars, and driverless vehicles were constantly overtaken by e-bikes.

For many people, car clubs replaced car ownership, continuing the trend of young people no longer seeing the car as a status symbol.

Why (they asked) would I spend tens of thousands of pounds on something that, on average, is used for just nine hours a week? Would

"Train lengths rose from 775 metres to 900 metres, improving productivity. Equally important was Getlink's moderation of charges for nocturnal freight trains, allowing Channel Tunnel tonnage to far exceed the ten million mark envisaged in original plans."

Driven on by the environmental devastation of the mid-2020s, the railways are back in the ascendancy by 2040 as successive governments fund a comprehensive transport policy including widespread electrification, route reopenings and high-speed rail. ALAMY.



you invest in a factory that operated for just 5.3% of the week?

Universal education about climate change and sustainable practices helped drive modal shift, as did punitive taxation of SUVs which reversed the illogical trend to larger vehicles. Moreover, the damage done to human health by particulates from tyres and brakes (whatever the source of power) became much better understood.

The consequence was a planning requirement for all new large-scale housing and commercial developments to be either located around rail hubs or served by light rail or electric bus routes.

Transport and land-use planning were firmly integrated after decades of intent and little action. And the long-standing Japanese policy of focusing around stations a range of public services - such as doctors' and dentists' surgeries, children's nurseries and libraries - was adopted, to reinforce the value of public transport hubs.

This was complemented by adopting the Swiss policy of creating multi-mode hubs at stations.

The re-regulation of buses enabled bus routes to be focused on stations, with services timed to dovetail with train times. The Swiss *Taktfahrplan* of regular interval services every 60, 30 or 15 minutes was adopted (noting the Swiss experience of rail patronage jumping by 129% within four years when Zürich's S-Bahn was created). E-bike charging points far outnumbered those for cars at stations, and few large stations were without a bike servicing facility.

Stations were enhanced by borrowing another idea from Switzerland: convenience stores which also provided travel information. They became as common as filling station forecourt shops and added a further sense of security at stations. And better place-making in and around stations attracted more people, with some offering cafes and even restaurants that attracted non-rail-users.

Larger stopping points copied the Louvre metro station in Paris and Gloucester Road in London, in creating space for the display of artwork or artefacts from local museums that reflected the history of the area.

The 2022 pioneering family lounge at King's Cross, complete with Hornby model railway, was followed by others at main stations to cater for the growing numbers of families attracted by fares reform.

For urban areas, people saw the many benefits that followed ►

“Britain finally had a government that understood a fundamental fact of railway economics: that they have high fixed costs, and the only way to defray them is by intensive use.”

► from greater use of public transport and active travel - cleaner air, and more sociable and welcoming spaces as pedestrianisation was extended. People also recognised the value of active travel and public transport in fostering a sense of community through greater social interaction.

RAIL REORGANISATION

Implementation of the *William-Shapps Plan for Rail* and the creation of English Railways took much longer than anticipated, thanks to deflected government attention following the debacle of Liz Truss's few weeks in power.

The change of name from Great British Railways reflected the distinct and more progressive policies that the devolved assemblies in Wales and Scotland had developed, and their desire for separate identities. Scotland retained ScotRail and Wales adopted Welsh Railways (WR) for services within the country.

In England, the 'guiding mind' created a framework that allowed regional and local decisions on investment and operations to be taken much more expeditiously. This recognised the desire of Combined Authorities and progressive county councils such as Cornwall and Devon to have greater control over transport.

With the Rail Safety and Standards Board, English Railways (ER) had oversight of industry standards, technology, and train specification and orders, putting an end to the economic and environmental waste of trains barely a decade old being sent for scrap. The art of cascading returned. Most importantly, costs and revenue were brought together within ER, WR and ScotRail.

Private sector involvement was retained, with concession agreements (determined by ER) replacing franchises. The agreements had an escalating incentive for passenger growth, and payments that reflected a range of qualitative standards - some based on Transport Focus research and survey results.

The most contentious issue of the 2020s was HS2. But efforts to halt construction after the Truss financial crisis were roundly rejected, given the need for greater capacity.

This was vindicated by the huge increases in demand, following taxation of aviation fuel and higher air passenger duty (reversing the illogical and unnecessary cut to the latter on domestic flights by Rishi Sunak in 2022).

Following the example of France, it was agreed that internal journeys which could be done by train should not be made by air. HS2's western arm eventually reached Preston, and political pressure forced the reinstatement of a revised eastern arm as far as Leeds.

Diesel trains were eliminated from 2037, three years ahead of the target of 2040 set in 2018 by Jo Johnson (brother of Boris - remember him?), thanks to an accelerated programme of electrification that provided certainty for rail industry suppliers. Per km wiring costs were reduced to those of Germany (they had been up to four times higher in the first two decades of the century).

Rapid advances in batteries eclipsed hydrogen experiments for trains on secondary lines and the last-mile requirement for electric freight locomotives. Even this was soon rendered unnecessary by the rollout of Furrer+Frey's retractable catenary.

Although leisure became the main reason for rail journeys, commuting and business travel by train recovered more quickly

“Following the example of France, it was agreed that internal journeys which could be done by train should not be made by air. HS2's western arm eventually reached Preston, and political pressure forced the reinstatement of a revised eastern arm as far as Leeds.”



than many had anticipated. Behind the return of commuters were the rising costs of heating a home office, the value of employees being 'visible' to their employers, and our natural gregariousness.

LEISURE TRAVEL

Introduction of the four-day week in 2032, and greater job-sharing as AI (artificial intelligence) reduced the level of job vacancies, accelerated the growing leisure segment of train journeys.

Even before then, residents of some popular holiday destinations had become so fed up with gridlocked tourist traffic that councils restricted car-borne access to residents and blue-badge holders. Cameras on access roads registered residents' permits and badges, and sent stiff fines to anyone ignoring the prohibition.

St Ives, with its narrow streets, was one of the first resorts to ban trips by car, and the Cornish town's pioneering park-and-ride scheme - first at Lelant Saltings and then at St Erth - became a model for other resorts. Small electric luggage taxis, based on those used in car-free Zermatt, meet trains.

Similar rural areas made up of narrow lanes wholly unsuited to holiday traffic, such as many coastal stretches of Devon and Cornwall, created bus links and park-and-ride facilities (wherever feasible) from a railway station.

Some of the congested single-track roads to National Trust beaches, such as Porthcurno and Cape Cornwall, were closed to non-residents and freed up for a frequent Land's End Coaster bus service from Penzance, building on the excellent work of Transport for Cornwall.

But most challenging of all leisure destinations were the National Parks. Some had become so clogged with traffic, especially on Bank Holiday weekends, that it was recognised that drastic action was



In 2040, it has become a planning requirement for all new largescale housing developments to be located around public transport hubs, as seen here at Reading Green Park. However, there is little need for parking spaces as car ownership collapses in the late 2020s and the unavailability of lithium and other rare metals makes electric cars a luxury item. READING COUNCIL.

TRAIN DESIGN

The early 21st century priority of maximising seating capacity disappeared, as the reasons for travel were irreversibly changed by the pandemic. Airline seating was reduced in favour of more tables, compartments for families, and on some inter-city routes a family carriage with play area.

Seats were given extensive consumer tests before the design was finalised, and design competitions helped add flair to the overall interior design.

For a few scenic routes with outstanding landscapes and for steam-hauled excursions, the RSSB accepted an idea based on the observation cars of KiwiRail Scenic Trains in New Zealand. These vehicles, with open upper sides, became popular with photographers and those who enjoyed a wind-in-the-hair experience.

FREIGHT IS GREAT

The song title from *Starlight Express* became reality by a tripling of rail freight tonne/km.

Besides an extension of the Mode Shift Revenue Support scheme and higher lorry taxes to level the playing field, land value capture funds were applied to build new terminals and private sidings.

Train lengths rose from 775 metres to 900 metres, improving productivity. Equally important was Getlink's moderation of charges for nocturnal freight trains, allowing Channel Tunnel tonnage to far exceed the ten million mark envisaged in original plans.

Planning reform again helped. The Location of Industry Act made sure that the folly of building factories such as Toyota's at Burnaston or Nissan's at Sunderland without a rail connection would not be repeated.

Equally, planning permission for National and Regional Distribution Centres was granted only for those with sufficient rail facilities to move half the projected volume of goods and a commitment to use them.

REOPENINGS

Although money from the Treasury was hard won throughout the 2020s, funding for new stations and line reopenings came from a combination of refining the process of land value capture and better modelling of ways to achieve local authority plans.

The former resulted in up to 50% of the increase in land value and rental incomes as a result of rail investments being contributed to projects. Typically, this encompassed property within a radius of 1km-2km from stations.

More sophisticated modelling of scheme benefits enabled local authorities to take into account a wider range of outcomes from better accessibility, in turn unlocking purse strings as a result of monetising the economic, social and environmental benefits of the railway.

Community Rail Partnerships played a key role in building ridership and developing the social benefits of reopening, as they had on countless other lines. Station garden competitions were revived.

Some of the lines in the Campaign for Better Transport's *The case for expanding the rail network* report have been reopened, almost invariably far exceeding their forecast passenger numbers - as had been the case with the few reopenings in the 2000s and 2010s.

Wisbech, Skipton-Colne (at last!), Coalville, Haverhill, Fleetwood, Caernarfon and Hawick were among the places again enjoying a train service.

All small recognitions that, as the Prime Minister of Barbados put it at COP27 in 2022, "the things that are facing us today are all interconnected". ■

needed to preserve the very qualities that people came to enjoy.

The Sandford principle - that where there is conflict between a National Park's dual functions of conservation and promoting public enjoyment, then greater weight must be given to conservation - had been enshrined in the 1995 Environment Act.

National Park authorities consequently limited car access to residents, people staying overnight, and those with a blue badge - using similar hardware to resorts to enforce the regulations.

Predictably, there were howls of protest from the motoring lobby, who saw this as an outrageous infringement of the freedom to drive wherever and whenever they wanted.

But gradually their voices were drowned by people delighted at the new sense of peace that the parks offered - as well as the stimulus to more exercise, improving wellbeing and helping to reduce levels of obesity, which had been projected to cost the NHS £9.7 billion annually by 2050 (and £50bn a year in the wider costs to society).

In the Lake District, the line to Keswick was reopened with some new stretches of track. A network of frequent bus links was created from station hubs at Penrith, Windermere, Keswick, Grange-over-Sands, Ulverston, Foxfield and Ravenglass, designed to meet the needs of walkers as well as those visiting attractions such as Beatrix Potter's Hilltop, Dove Cottage, and Rydal Mount.

The North Yorkshire Moors had been transformed by the reopening of the Malton-Pickering line, to allow much easier access to the park from the south rather than having to travel via Middlesbrough and the Esk Valley.

Again, bus hubs were established at Middlesbrough, Whitby, Thirsk and Pickering, with bike hire at some stations on the Esk Valley and North Yorkshire Moors Railway.

Research and reports

Here's *RailReview's* digest of documents and reports released by industry bodies during the past quarter. All those listed can be downloaded from the Rail Hub database on www.railreview.com. If members would like to submit a report for inclusion, please email: paul.stephen@bauermedia.co.uk

Dream ticket? The challenges and opportunities of delivering smart ticketing in the city regions



Urban Transport Group - November 2022

A clearer national framework and more resources are needed to bring about a 'London-style' ticketing experience in all of the UK's urban areas.

That's the message from the Urban Transport Group (UTG).

Publishing a report commissioned from SYSTRA, UTG Director Jonathan Bray warned there is a "danger that... as new technologies proliferate without national compatibility standards, the Government lacks an overall strategy".

He added that "cuts to local authority budgets means skills and expertise are in short supply".

Revitalising Rail: How private operators can accelerate recovery

Rail Partners - September 2022

Operators are calling for long-term reforms that will help to stabilise industry finances by growing revenue. And they are rejecting nationalisation as the way to achieve that goal.

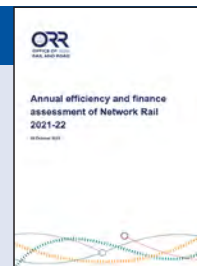
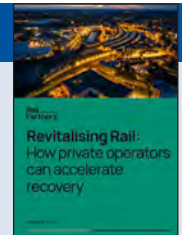
Rail Partners' report also sets out the immediate steps that government can take to accelerate growth through a revived public-private partnership.

"The private sector has previously restored the industry's finances to good health, and it can once again help meet the significant challenges the railway faces," said Rail Partners

CEO Andy Bagnall.

"Our research shows at least an additional £200 million could flow back to the Treasury if operators are given more commercial freedom in their current contracts."

The trade body argues the three crucial elements for longer-term reform are getting the design of Great British Railways right, ensuring Passenger Service Contracts are fit for purpose, and encouraging modal shift to using rail freight.



Annual efficiency and financial assessment of Network Rail 2021-22

Office of Rail and Road - October 6 2022

Network Rail has reported £840 million in efficiency improvements for the year, slightly ahead of its £830m delivery plan.

This report from the ORR reveals that NR has also delivered more than £1.9 billion worth of efficiency improvements over the

first three years of CP6, and aims to deliver £4bn of efficiency improvements across CP6, ahead of ORR's £3.5bn target.

However, ORR reports that NR has missed its targets on

wider financial performance by £487m in 2021-22 and £891m across the first three years of CP6.

The regulator is also "concerned about the relatively low level of funding in the plan for financial risks (£323m at March 31 2022) at the end of the year".

NR spent a total of £13.1bn on wages in 2021-22, with the average annual salary of a permanent NR employee being £54,700. A quarter of each salary was from overtime, allowances and employer pension contributions.

Greener, Faster, Better

RIA North - October 19 2022

A rolling electrification programme for northern England across the next 20-plus years, with a consistent level of activity to support delivery efficiency, has been set out by the Railway Industry Association North (RIAN).

In this 41-page report, co-authored by Network Rail Route Freight Manager Simon Kendler, Michael Toher (SYSTRA) and Chris Hayes (Skanska), a long-term vision for which passenger and freight routes should be prioritised is set out.

It concludes that the Midland Main Line and TransPennine Route Upgrade offer the greatest decarbonisation benefits. Other connections to rank within the report's top ten 'Priority 1' schemes include Manchester-Sheffield (Hope Valley), Leeds-

Hull, Carlisle-Newcastle, Doncaster-Immingham and Wakefield Kirkgate-Drax.

"While we have seen some progress with commitments from the Government in the *Integrated Rail Plan*, these do not go far or fast enough to reach our climate goals," said RIAN Chairman Justin Moss.

"To ensure they can be delivered at good value to the taxpayer, the industry needs a long-term programme of work starting immediately, which would also help support thousands of green jobs in the sector and drive economic growth around the country."



Estimates of station usage April 1 2021 to March 31 2022

Office of Rail and Road - November 24 2022

London Waterloo has regained its status as Britain's busiest station, although its total number of passenger entries and exits is still less than half the number from two years ago (2019-20).

After a 16-year reign, Waterloo was knocked off top spot by Stratford last year (2021-21). But it finds itself back in pole position after registering 41.4 million passenger entries and exits between April 2021 and March 2022. However, that total is some way short of the 86.9 million from 2019-20.

According to the latest station usage statistics from the ORR, London Victoria retained its position at the second most used station (36.8 million entries and exits) while London Bridge stayed third (33.3 million). Stratford dropped to fifth (28.2 million). Birmingham New Street (22.7 million) and Manchester Piccadilly (19.6 million) were the only stations outside London in the top ten.



The economic, environmental and social opportunities that rail brings to the UK

Railway Industry Association - November 2 2022

The rail industry supports some £43 billion Gross Value Added in economic growth, 710,000 jobs, and £14bn in tax revenue. Furthermore, for every £1 spent on rail, £2.50 of income is generated for the wider economy.

These are the headline figures from this annual report commissioned by RIA and based on research from Oxford Economics. It also states that reduced congestion, from the use of public transport, generates around £1.4bn in time-saving

benefits each year for commuters in six of the UK's largest cities.

Additionally, the report claims that cutting journey times between cities including Manchester and Leeds by 20 minutes could increase wages by approximately £600 per worker per year, while a 10% reduction in regional journey times could support between 1,950 and 12,600 additional jobs. It notes that 5,900 of these opportunities could be in Scotland.

There is extra capacity for rail freight, too, with rail already removing an estimated seven million lorry journeys per year.

Network Rail's delivery of train service performance

Office of Rail and Road - November 2 2022

In its latest assessment of Network Rail's delivery of train performance, the ORR reports that fewer trains are arriving on time (70.2% in September, compared with 72.6% in April), with an increase in cancellations. Delays increased in all five NR regions.

In a letter sent to NR CEO Andrew Haines, ORR Chief Executive John Larkinson acknowledged that some factors are beyond NR's control, including industrial action. He said that

NR had made "good progress" on improving resilience to extreme weather, which he "expects to continue", as well as measures to reduce fatalities, trespass and theft.

To deliver better performance, ORR has identified five areas where NR "can, and must, do more". They include NR's Wales and Western Region to produce an improvement plan and for track reliability to improve in the North West and Central Region.



Guidance of the limits of freight train trailing length as governed by Coupler Strength T1256



RSSB - November 16 2022

A new research project from the Rail Safety and Standards Board means that freight operators can safely haul more goods wagons per train than current rules allow.

More than 12,000 wagons (over 50% of Britain's fleet) will receive an increase in traction rating, after evidence pointing to

the rating of a 34.5-tonne coupler being able to increase by 16% to 40 tonnes. Meanwhile, some 56-tonne couplers will increase by 13% to a new 63-tonne rating.

Researchers calculated that for a 235-mile journey with 14 wagons, an additional two wagons could now be hauled.

Projected annual financial savings for the operators are £245,000.

Rail passenger views on printed timetables

Transport Focus - November 7 2022

In a survey of just under 5,000 passengers who had made at least one rail journey in the last year, more than half (66%) say that they always plan their journeys.

Of those who plan, 70% use website journey planners to do this, while fewer than 15% use printed timetable booklets or timetable posters at stations. Just over a third say they have never used a timetable booklet or station poster.

However, while over half (62%) say they would be unaffected

if printed materials were no longer available, around a third say it would make things more difficult for them.

TF therefore concludes that although timetable booklets are used by relatively small numbers of passengers, many others think the material should continue to be produced.

49% say this regarding timetable booklets and 64% say this regarding station posters.



We've read it for you

Keep up to date with developments in the rail media. Read more on www.railreview.com

International Railway Journal

September 2022, p14



Improved braking could deliver 10% capacity increase

Braking technology that would enable trains to stop within a consistent distance has the potential to increase capacity by 10% on commuter networks without the need for new infrastructure, argues Knorr-Bremse.

The company is developing Reproducible Braking Distance (RBD) technology, which combines a new wheelslide protection system with smart sanding and a deceleration control system.

Knorr-Bremse says that its "considerable potential" has been demonstrated through a study conducted with Nextrail and Via-Con, based on operational simulations of introducing ETCS and ATO to the Hamburg S-Bahn network.

Today's Railways Europe

September 2022, p9



Concrete sleeper crisis in Germany

Following a fatal derailment at Burgrain (near Garmisch-Partenkirchen) on June 3, the condition of concrete sleepers at the site has become a focus for investigators. In late July, infrastructure manager DB Netze began a nationwide inspection of routes equipped with similar sleepers, leading to substantial service reductions - in some cases for several weeks to enable the replacement of defective sleepers.

Such disruption in high summer was compounded by the popular nine euros (£7.78) ticket bringing much extra traffic on the network, especially as some routes affected serve popular tourist areas such as the Harz Mountain region.

Passenger Transport

September 23 2022, p7



HS2's extensive injunction

HS2 Ltd has been granted an injunction along the entire length of the line from London to Crewe, in a bid to clamp down on unlawful protests.

According to legal experts, it is one of the most far-reaching court orders of its kind in English legal history.

It will make entering HS2 worksites or disrupting construction activities without official permission a potential contempt of court, and applies not only to unidentified protestors but also to "persons unknown".

Protests against the line have so far cost an estimated £122 million.

International Railway Journal

September 2022, p18



German Rail says it is "back in the black"

DB has reported its first positive operating results since the start of the Coronavirus pandemic.

In the first half of 2022 it registered an operating profit of 876 million euros (£758m), after consolidated sales increased by 28.4% compared with 2021, to reach 28 billion euros (£24.2bn).

In the same period, DB's consolidated operating result improved by 1.9bn euros. Logistics subsidiary DB Schenker made the largest contribution, with its operating profit of 1.2 billion euros double the figure recorded in 2021.

DB Cargo enjoyed a 5.6% increase in revenue and a 1.2% rise in tonne-km, while revenue increased far more significantly for DB's core business. Some 59.1 million passengers used long-distance services in the first six months of 2022.

Today's Railways UK

October 2022, p18



Mellitt, architect of moving block, dies at 82

Professor Brian Mellitt, who as director of engineering at London Underground and Railtrack tried to introduce a digital signalling system some 25 years ahead of its time, has died aged 82.

Previously Dean of the Faculty of Engineering at the University of Birmingham, and one of the BR team who developed the Advanced Passenger Train, Mellitt joined LU in 1989 to reorganise engineering functions following the King's Cross fire.

At LU he developed 'moving block' signalling - a precursor of the ETCS system now being rolled out across the network - for the Jubilee Line extension between Green Park and Stratford.

Moving block eventually proved unworkable on the Jubilee Line, and also the West Coast Main Line where conventional signalling was hastily installed instead.

He was subsequently President of the Institution of Electrical Engineers.

Railway Gazette International

September 2022, p8



Slow ERTMS rollout is hindering market opening

The limited rollout of ERTMS (European Rail Traffic Management System) in France is a major obstacle in opening the country's rail market to competition, according to rail regulator ART.

An investigation into the state of the market, following Trenitalia's entry into the domestic high-speed sector last year, found that limited access to safety equipment and train control components posed a barrier to potential new entrants.

Only 40% of high-speed lines in France are equipped with ETCS. The situation on the conventional network is even worse, with the only installation project due for completion this year being the French section of Rail Freight Corridor 2 (North Sea-Mediterranean).

Among 18 recommendations, ART calls for acceleration of the national ERTMS migration plan and measures to speed up the removal of legacy onboard and lineside equipment.

International Railway Journal

August 2022, p14



Ireland's first metro line gets green light

The Irish Cabinet has approved the preliminary business case for Dublin's MetroLink project, a 19.4km (12-mile) automated metro that will run mostly underground from north of Swords in the north of the city via Dublin Airport to Charlemont, south of the city centre.

The line will have 16 stations and is expected to offer three-minute headways at peak times, to carry up to 20,000 people per hour.

It is expected to open in the early 2030s and cost 9.5 billion euros (£8.22). The Irish Government will cover three-quarters of the cost, with the remainder financed through a public-private partnership.

Construction will commence in 2025.

Today's Railways Europe

November 2022, p10



Stadler to deliver world's first driverless rack vehicle

On September 28, Stadler announced that it had received an order from Switzerland's Appenzeller Bahnen (AB) for the world's first fully automated rack rail vehicle.

The vehicle will be used on AB's 1.9km (1.2-mile) line from Rheineck to Walzenhausen. The line's current train, a single car that can carry 28 passengers, was built in 1958 and is almost life-expired.

The new vehicle will be fitted with Stadler CBTC equipment to automation level GoA 4, which can detect obstacles on the track. It represents the first time that such technology has been employed on a mountain railway.

The vehicle will be remotely monitored from AB's operations centre. Commissioning is expected to take place in 2026.

International Railway Journal

October 2022, p7



Cutting the bills in Belgium and Austria

Belgian National Railways has announced measures to limit energy consumption without reducing services. As Belgium's largest consumer, it estimates its energy costs at 232 million euros (£201m) for 2022 and 432 million euros (£374m) for 2023. More than 90% of services are powered by electricity, with the 1.1TWh required to operate trains accounting for 85% of total consumption.

To reduce consumption across its property estate, the operator will set heating at 19°C in offices and 1°C lower in depots and workshops. Heating in station waiting rooms will be limited to 15°C and lighting cut by 10% overall. It is estimated that these measures will save 7.5% in oil and gas use and 3% in electricity consumption.

Meanwhile, Austrian Federal Railways has put together a package of 30 measures including reducing the temperature in offices, workshops and stations, switching off or dimming lights, and turning off equipment instead of leaving it on standby. It will also use rolling stock equipped with regenerative braking more intensively, and will adopt a more efficient system to heat double-deck coaches.

International Railway Journal

November 2022, p10



Germany funds project to develop driverless trains using AI

Siemens is leading a 23 million euro (£20m) research project called safe.trAIIn that is being funded by the German Government to develop automatic operation of regional trains using artificial intelligence.

According to Siemens, conventional automation technology alone would not be sufficient for fully automatic main line operation, but AI offers significant potential in this area.

The company points out that solutions for completely driverless train operations are already in service, but on systems operating in controlled environments such as metros. The safe.trAIIn project will focus on applying this technology to regional trains, operating in more open environments where reliable obstacle detection is necessary.

The project, which has a total of 16 partners, will develop testing standards and methods for using AI in rail automation, use example applications to verify the suitability of these standards, and eventually launch automation products.

Today's Railways UK

December 2022, p18



Stoke to adopt VLR?

Stoke-on-Trent City Council has declared its intention to follow Coventry in adopting the Very Light Rail system currently being trialled in Dudley.

The three-line network would serve the city's six towns, and is at the centre of a new transport strategy for Stoke that was put out for public consultation until November 30.

The network includes: a Northern line connecting Tunstall, Hanley, Stoke station and Longton; a Central line running through Etruria, Hanley, Bentilee and Longton; and a Southern line serving Stoke station, Longton, Trentham, Royal Stoke Hospital and Newcastle.

The strategy document states that VLR would complement bus services instead of acting in competition. The ten- to 15-year project has not yet been costed, but it is expected that funding from central government would be needed in addition to support from the council.

The strategy also considers new stations at Meir and Trentham and will be considered by councillors next year.

Modern Railways

November 2022, p8



Industry considers three annual timetable changes

The rail industry is considering establishing three annual timetable change dates, in place of the current dates in December and May.

It is understood that one option would involve a new timetable change in late September or early October, with the existing change dates moved by around a month to January and June. The early autumn date would coincide with some operators' annual adjustments for the leaf-fall season.

Network Rail said the current two changes per annum could be quite rigid and constrains the industry's ability to align supply with demand, and to respond more quickly to unforeseen circumstances.

The **RAIL** 100 Breakfast Club



Don't miss out, sign up today!

JOIN THE RAIL 100 BREAKFAST CLUB TODAY!

The RAIL 100 Breakfast Club is a business networking club for the industry's senior managers. It helps members keep abreast of current topics within the industry and gives them the ability to discuss these with their peers.



Nigel Harris
Managing Editor, RAIL Magazine

Starting in October, our 2022/23 Membership includes attendance at three breakfast meetings and a networking lunch in December. The meetings provide an opportunity to hear from key individuals in a private setting, where they can take part in an open and honest Q&A session with members. Previous speakers include Secretaries of State for Transport and Rail Ministers, Network Rail CEOs and Department for Transport representatives, among many other senior industry figures.

Just a few membership places remain

Dates for your diary

10th January 2023

1100 – 1400

Guest Speaker – *Lord Peter Hendy*

VENUE: St Pancras Meeting Rooms, Kings Cross

16th February 2023

0800 – 1000

Guest Speaker – *Huw Merriman*

20th April 2023

0800 – 1000

Guest Speaker – *Andrew Haines*

VENUE: Digital Catapult, Euston Road

Join now by scanning the code or visit:
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For further information please contact: hayley.bradshaw@bauermedia.co.uk

Membership to the club is restricted in terms of numbers and type of company, you will be notified if your application has been unsuccessful



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HOUSEKEEPING

Useful notes and reminders to help you make the most of your *RailReview* membership or subscription.

Current Editorial Board members

The *RailReview* Editorial Board meets quarterly to discuss the content of the previous issue and to debate current focus points in the industry that warrant exploration in the next edition.

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You can read any issue of *RailReview* back to the first one published in September 2014, even if you have not been a *RailReview* reader since then.

Upcoming events

Next *RailReview* published - March 2023.

RAIL webinar - January 24 2023.

RAIL 100 Breakfast Club - February 16 2023.
Guest speaker: Huw Merriman.

Further information about upcoming events will be available on www.railmagazine.com.

Behind the mask... Johnny Schute OBE

PAUL STEPHEN fires the questions at the Chief Operating Officer of the Rail Safety and Standards Board

If you could buy any type of food (right now) what would you buy?

As it is close to lunch as I write this, it would probably be a bowl of leek and potato soup.

What is one of the things you would put on your 'bucket' list?

To trek to K2 in the Karakoram range in Pakistan.

Morning or night person?

Definitely morning.

What annoys you the most?

Negativity and a glass half empty.

Strangest thing you've ever eaten?

Dried insects to accompany an aperitif in Vietnam.

What is one of your weird quirks?

Continuing to wear a tie to work.

What is your biggest addiction?

70% dark Lindt chocolate.

What book are you reading at the moment?

The Prince by Niccolo Machiavelli. It seems appropriate in these febrile political times.

What is your lifelong dream?

To have a 40 foot Sweden Yacht parked in the Mediterranean.

How long does it take you to get ready in the morning?

An hour from getting out of bed to leaving the house. I need to wash, shave and breakfast before I leave.

What is the one thing you have always wanted to do?

Spend a day accompanying the President of the United States on duty.

Prized possession?

A set of cufflinks given to me by my parents on my 21st birthday.

If you were stranded on a tropical island, what two things would you want with you?

A good range of DIY tools and a compass, so I could construct a boat to get off it!

Pet hate?

People applying 21st century perspectives to the past. 'The past is a foreign country; they do things differently there' (LP Hartley).

What have you done that you are most proud of?

Recently, as Ensign in the King's Bodyguard of the Yeoman of the Guard (pictured), participating in the lying-in-state and funeral of our late monarch,

Queen Elizabeth II. Prior to this, commanding my battalion, First Battalion The Royal Green Jackets, on operations in Iraq and Northern Ireland in 2003/04.

What is your favourite song?

It changes constantly. I am really enjoying *Pencil Full of Lead* by Paolo Nutini at present.

What is the best advice you have ever had?

Try to find humour and pleasure in everything that you do. Life is far too short not to.

Person that influenced you the most?

I will cheat by saying that it is the amalgamation of all the non-commissioned officers with whom I served in the army. They really know what is going on.

What is one food you wouldn't want to give up?

Roast lamb.

If you had access to a time machine, where and when would you go?

Bath, around 1818, when Anne Elliot and Captain Frederick Wentworth were meeting again at the conclusion of *Persuasion* by Jane Austen.

What was your favourite cartoon show growing up?

Top Cat. The indisputable Top Cat!

Greatest sadness?

My fellow soldiers killed in the line of duty.

Favourite film?

Almost impossible to answer, as my father was a film producer and the movies were part of my upbringing. Possibly *Gladiator*?

Temptation you wish you could resist?

Proper nursery puddings with too much custard.

Best childhood memory?

Playing team sport. My passions were rowing and football, and winning at both was amazing.

The book that had the greatest impact on you?

As a relative newcomer to rail (only seven years) I would have to say *The Railways* by Simon Bradley. It has given me an excellent grounding in my new career.

Takeway: Indian or Chinese?

Definitely Indian. I am not a fan of Chinese food.

Introvert or extrovert?

An extrovert... and a loud one at that!

Beer or wine?

Impossible! Beer (Wadworths 6x) followed by wine (a pinot noir from California).

Egg: scrambled or fried?

Fried mostly, but I can cook a mean scrambled egg as well.

Cats or dogs?

Dogs for sure. I am allergic to cats - they make me sneeze.

Adventurous or cautious?

Cautiously adventurous? It's all about managing risk.

Saver or spender?

Very much a saver, until I see something I really want and then I throw caution to the winds.

What nugget of wisdom would you pass on to your grandchildren?

Go for it! Fortune favours the brave.

Favourite poem?

Ozymandias by Percy Bysshe Shelley.

The hidden talent that would surprise people?

Domestic king. Cooking/ironing/polishing are all grist to my mill.

TV programme that you wouldn't miss?

Although it is long gone I would never miss *Whose Line is it Anyway?*

Last time you shed a tear?

Probably as a child. I am not much of a crier.

First record you ever bought?

In the Summertime by Mungo Jerry.

If you could pass any new law?

I would make it a capital offence for anyone to listen to rap music through leaking headphones on a train.

What do you drive?

VW Golf R-line.

Perfect Sunday?

On skis, anywhere between Courchevel, Meribel and Tignes in the French Alps. Electric blue skies, perfectly groomed pistes, and with no one on them.

Who would you like to play you in a film?

Maybe Pierce Brosnan? I think we look broadly similar!

Favourite UK place?

On top of the Brecon Beacons in Wales.

How would you like to be remembered?

As someone who contributed and had a lot of fun doing it.



RailReview

Q4-2022