Cut costs and invest

A Railfuture delegation went to see Dr Kim Howells, Minister of State for Transport on 31 March.

The Railfuture team – president Dr Michael Caton, vice-president Mr David Bertram and chairman Mr Peter Lawrence, concentrated on two main issues: The need to cut costs and improve the efficiency of the rail network and the case for rail investment and expansion.

We said there is a big need to simplify the present complicated and duplicated structure of responsibility and to speed up decision-making, reduce waste and delays and cut the frustration of both rail operators and passengers.

The number of conflicting interfaces should be reduced and responsibility for day-to-day decisions and detail delegated from the Strategic Rail Authority to the train operators.

We mentioned a case where Network Rail has been giving priority to local trains over long distance services.

The present over-centralised control is both time consuming and a costly duplication with poor value for money.

By way of an example, we quoted a case in which the SRA had to approve the angle at which platform monitor screens are angled!

We said costs have escalated since privatisation. This can he attributed to poor value for money, especially from Railtrack and Network Rail, the imposition of safety regulations which, if applied to roads, would stop all vehicle movement, and the new and over-complicated regulatory structures bound together by lawyers' contracts.

The minister said that the rail review was looking at just these sorts of issues.

He agreed that there are significant pressures on rail industry finances at present and cost escalation remains a key issue.

Costs must therefore be brought under control. The review will focus on the structural and organisational changes needed to improve overall rail performance for customers, the progress being made by increased investment, and how to deliver clear lines of accountability and responsibility.

Dr Howells wanted to encourage the industry to manage its finances better so that it could deliver more for its customers.

Renationalisation, which was mentioned in the discussion, was not an option being considered by the Government.

The department will publish its proposals this summer and will also set out its spending plans for transport as a whole at the conclusion of the spending review which will also conclude this summer. We welcomed the Government's current review of the railways and handed the minister a copy of our response to their consultation.

He said they had so far received 36 submissions, as well as numerous comments and unsolicited letters.

He assured us that once a model had been identified, it would be rigorously tested prior to publication.

We discussed various options for reorganising the railways including vertical integration, the tightening of contracts and reduction of the number of franchises.

We welcomed the latter move although we expressed our concern at the splitting off of Transpennine from the other northern franchises.

We said that passengers are getting an ever-increasing raw deal through fares now rising faster than inflation and there has been a dramatic loss of many through services.

On North West services, the minister said that benefits would be delivered by the TransPennine franchise. Services will benefit from new rolling stock, a new timetable from the end of the year, which will deliver more regular service patterns, a measurable improvement in operational performance and more investment in a range of areas to deliver improved waiting and ticketing facilities, and better customer information systems.

On fares, he said that he understood fare increases were never popular, but the changes to rail fares are an essential part of the overall process for stabilising the finances and performance of the rail industry for the benefit of passengers.

Rail industry costs had increased sharply as we have sought to catch up with decades of under-investment.

To date, this investment has been funded largely by the taxpayer.

All sides of the industry are agreed that continuing real term cuts in fares is unsustainable.

The main change, the increase in the cap on annual increases in regulated fares to 1% above inflation (retail price index plus one) for the next three years – will help redress the balance of funding for rail between the taxpayer and the fare payer.

As a result subsidies to operators will fall, not rise, and the money will be used to improve the network.

We said that the granting of franchises does not put adequate emphasis on measuring how well train operators are looking after passengers: how otherwise could Arriva Northern, the most improved train operator and award winner for improvements made, have been excluded from the proposed Northern franchise? Will the excellent level of passenger service from GNER count when the East Coast franchise is renewed?

The minister said that the broad approach for all franchises was the same. Bidders are always asked to consider how a current service could be optimised to meet current and future passenger demands. Those that put forward strong cases would always receive consideration.

We expressed our strong support for the plans for Community Railways recently put forward by the SRA and said that we will urge our members to get involved with these projects.

The minister said he hopes we will do that. There are a lot of people around with ideas on this subject. The Government is keen on potential new ways of sustaining little used rural lines such as community rail partnerships. The Bittern Line in Norfolk has seen a growth of 134 per cent since its partnership scheme was set up.

We noted that the modernised Leeds station arrangements were working well. He also said that the passenger transport executive system should be extended.

Rail expansion

We expressed our concern at the virtual cessation of rail reopening schemes, except in Wales and Scotland where some schemes are going ahead financed by the Welsh Assembly or the Scottish Parliament.

Much of the SRA ten-year plan for rail expansion had been cancelled, in contrast many new road schemes have been approved.

The rail components of the multi-modal studies have largely been ignored, which has meant that the result has been monomodal in favour of roads.

We quoted the case of the failure to give the go-ahead to redoubling of single line sections of track between Salisbury and Exeter to permit an enhanced service to the West Country, with virtually no environmental impact, whereas the dualling of the A303 road is proceeding. Schemes such as East-West Rail, Lewes-Uckfield and the Ivanhoe Line are not going ahead.

We also pointed out that two expensive guided bus schemes (total cost £143million) had been granted funding from the Local Transport Plan budget whereas no corresponding rail projects had been included in that initiative.

We consider that restoration of key rail services, especially in cases where the track is already in place for freight use, would be much better value for money. In reply the minister said that the SRA is spending all available money on rail. There was a finite budget and not all aspirations can be met.

Where projects are affordable, are value for money, and meet strict appraisal criteria they would receive further consideration.

However if the business case was not sound they would be set aside.

He drew our attention to the rising cost of rail schemes and referred to the proposed Blythe and Tyne rail reopening, costing £28million, which he had turned down for that reason.

Costs of the Ebbw Vale Line reopening are also rising.

We handed him a summary of the saga of the Frankley route in Birmingham where extension of the cross city service over a two mile branch line, would give rail access to 20,000 houses and help to alleviate congestion in the city.

This scheme has been under discussion for many years and had received preliminary approval only to stall as a result of changing the rules.

We referred briefly to the problem of inadequate rolling stock provision and said that allocation of the new Desiro units for the TransPennine route had been cut by the SRA, which will lead to serious overcrowding.

We also stated our strong support for the construction of high-speed railways in the UK to follow from the Channel Tunnel rail link.

Such major new transport arteries would relieve congestion on all three transport modes, rail, road and air. The minister questioned how they would be financed.

As he pointed out, there are significant pressures on rail industry finances already and, at present, the SRA's budget was fully allocated.

He felt that it was essential we sought in the first instance to improve the existing rail service and better manage proposals for new schemes.

The Government did not want to pursue a range of schemes that had not been fully appraised or costed.

It needs to be satisfied it is getting good value from the very significant spending that is being made on the network before embarking on very costly schemes, such as high-speed rail links.

On the subject of freight, we drew attention to the need to upgrade the routes from Felixstowe-Harwich via Peterborough to Nuneaton, and from Southampton to Birmingham, to provide for increasing traffic with 9ft 6in containers.

The minister was very positive and said that these schemes are under consideration.