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Transport Committee

Rural Railways

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Oral and written evidence

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The Transport Committee

The Transport Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Transport and its associated public bodies.

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Oral evidence

Taken before the Transport Committee

on Wednesday 3 November 2004

Members present:

Mrs Gwyneth Dunwoody, in the Chair

Mr Brian H Donohoe
Clive Efford

Ian Lucas
Miss Ann McIntosh

Witness: Mr Ingemar Lundin, Director, Jönköping Länstrafik, examined.

Q1 Chairman: Good afternoon, Mr Lundin. Can I begin by warmly welcoming you here and apologising. I understand that your morning has been a bit eventful. I am very sorry that you should have lost your case and I apologise on behalf of London if not on behalf of the United Kingdom. We are enormously grateful to you for giving evidence to us today because we think what you have to say to us is going to be very important. May I begin by asking you to tell us your name and your official title and then perhaps you have something to say before we go to questions.

Mr Lundin: I am very happy to be here in London. I had some illustrations in my bag but you will get those later. I am managing director for a public transport authority in Sweden, in Jönköping. It is quite a rural area with a regional centre of about 105,000 inhabitants and I have been responsible for the rail service since 1985. I have been managing director for 24 years. During that time, we have been the first place in Sweden to have a private operator in early 1990. That is the reason why we have visitors from the Ministry of Transport in the UK, to see if it could be possible to have private operators. Today we come to you and look at your railway system.

Q2 Chairman: How much does the railway network in Jönköping cost?

Mr Lundin: It is a net contract that we have. That was one of the figures in the papers so perhaps I could come back on that.

Q3 Chairman: What proportion is covered by fares?

Mr Lundin: Yes. The costs are per kilometre, approximately £4 per kilometre. From there it is our cost. As it is a net contract, that means that the operator has the income, the fares. From our point of view, the relation between income and cost is about 45% in the present system but it is very important also to illustrate that, by this new system, we have invested about 320 million Swedish krona in new rolling stock. You have to divide it by 13 to have it in pounds.

Q4 Chairman: Was that just the rolling stock?

Mr Lundin: Yes. Before that we had old trains with no capital cost and no train crew on board, just the driver. At that time, it cost about £2 per kilometre

so it has been twice as much cost for us to use this system but still we have a new fleet which means that we have twice as many seats on board trains.

Q5 Chairman: Did the subsidy come from the central government or from the local government?

Mr Lundin: Most of the taxpayers' money goes to the local or regional level. That means our owner puts in this money and also makes the decision about buying the new rolling stock. Our owner is the county council and its 13 municipalities.

Q6 Chairman: They decided to spend the 320 million Swedish krona?

Mr Lundin: Yes, as an investment in the future. They have also been responsible for decisions about running the old trains before at lower cost. The county council's main expense is for health care. 95% of their budget is for health care and 2% for public transport. That means that they are giving some priority between public transport and health care.

Q7 Chairman: Was there any central government subsidy?

Mr Lundin: There is a central government subsidy which is about one third of the costs for these rural railway.

Q8 Chairman: When you say "costs" are we talking about operational costs or capital costs?

Mr Lundin: Gross costs, including capital costs, in what we are giving to operators. A fee for using the rail, for example, is included in the £4 per kilometre.

Q9 Chairman: How do you get the funding to reopen lines? I understand that you have not just been running the existing railway but you have opened up some more lines that had been closed. Is that right?

Mr Lundin: In a way, yes. It is more that we have taken over responsibility for the state railways. There was a Transport Act in 1988 in which the public transport authorities handed over the responsibility for all regional service, including rural service. Many of those lines had a rail service before but it was a long distance rail service. We had to open up a lot of new stations for this service.

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Q10 Chairman: In effect, the rails were there, the service was there but it was only long distance. What you did was start to run a local service?

Mr Lundin: Yes. We started with two branch lines in 1985 with approximately 250,000 passengers a year. Today, we are running six lines with approximately 900,000 passengers. The goal is to have 1.4 million passengers when the present contract runs out in 2007. We have a five year contract.

Q11 Chairman: Do you know what proportion of your population had access to a railway line before you reopened all the local services?

Mr Lundin: Not exactly. The present situation is that our county is a forest county with a lot of people living in villages and small towns. Access by foot to the railway station is a distance of two kilometres. More than 60% of the inhabitants in our county have less than two kilometres distance to a railway station. That is also a result of reopening a lot of old stations. For example we have two or three stations in the big cities when, from the beginning, there was just the one station. All 13 municipalities in the county have railway stations. That is as a result of the decision that we made in the early 1980s. There was a discussion on closing railways because there were very few passengers on the local railways. In our view, the local railways were part of a bigger network. This year, we have prolonged the service. In the beginning it was a service with 35 kilometres. It is now a service with 120 kilometres with the same trains. We are running direct, regional trains.

Q12 Chairman: If I said to you what is the one thing that you think has made it possible for you to get more passengers, what would you say?

Mr Lundin: We used the old trains before. The train was the same so it was not because of that. We made it much easier to use those trains. One of the success stories was that we could go all the way to an inner city. Before, it was to go a short way to a junction; then out on a platform with cold weather and things like that, with delayed trains with a lot of people on board. It is much more comfortable to have one train all the way.

Q13 Chairman: Did you find problems with integrating your local trains with the long distance trains? If you took over rail that had been running long distance services, did you have a problem integrating your local ones?

Mr Lundin: No. We have two main responsibilities. One is for the passenger to get to work and school. That is the regional transport. We also have responsibility for long distance and that means the same train comes to the junction where people can transfer, as you have in Britain. Perhaps you have even a better system. We have a system where you can buy a ticket all the way and that fare goes to the line operator. Our contract is for competition for track service, but we also have competition on-track because it is a high speed service and we still also have a regional service. For people who can

afford have an hour extra travelling time, they could pay half the price by using the regional service. We have permission to use all the railways in our county but we also can get acceptance to run over one country border.

Q14 Mr Donohoe: In terms of the increased numbers that you have achieved, is that because you have opened new stations or have you worked out where the additional numbers have come from? Is it from existing stations? Where have the increases from 750,000 to 900,000 come from?

Mr Lundin: The big step in the beginning was that we opened up more lines from 250 to 500 or 600,000 passengers. A big part of the success is that we nowadays have a longer service, particularly in Sweden where there are a lot of car users. We have 500 cars per 1,000 inhabitants which means we have to be more competitive. We compete better on longer distances with railway. Shorter distances are more for buses. We could run for perhaps one hour with a train and make it much more cost effective for the passengers. As we have the longer service, we have new passengers and also in Sweden one hour is a very interesting time limit because it is the limit that you afford for public transport, for a car user, to go to work.

Q15 Mr Donohoe: Have you done any surveying on that aspect? Do you know if there has been a shift from being in a car to rail?

Mr Lundin: We have done a lot of surveys about times which are accepted from the passengers' point of view. It seems travelling time from 30 or 40 minutes does not affect them. When you come to one hour, you come close to a limit. You do not tend to work so far away from home. You find another solution or perhaps you move. It has been a goal for the county council to have an enlarging by using rail. The rail system is the only system that could expand by higher speed.

Q16 Mr Donohoe: Do buses compete with rail?

Mr Lundin: No. That is the reason we are responsible for the bus and rail service. We have had the bus service from 1981 and the rail service we started responsibility for from 1985. The bus service is not on long distance. In the area we are responsible for we use buses for feeder lines and city transport and rural areas without rail. We give priority to the railway.

Q17 Mr Donohoe: You control the buses? I thought buses in Sweden had gone private.

Mr Lundin: The bus system is going on a gross contract with private operators. I think that is the way you have it in London Transport.

Q18 Chairman: Yes, it is franchising.

Mr Lundin: Yes.

Q19 Clive Efford: Have you been able to produce any statistics on modal shift from car to your rail services?

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Mr Lundin: No. It is a problem that we have increases in the numbers of people who are commuting to work. When we started in the early eighties, it was quite seldom that people travelled more than half an hour to come to work but today it is normal to take an hour.

Q20 Clive Efford: Mr Donohoe asked you about how you had been successful in increasing the number of people using your rail services. Is that due to economic expansion so that there are more people using the trains or has it been due to people moving to areas so that they can make use of your services? Is it due to people being attracted to certain areas because of the improved transport services that you are providing?

Mr Lundin: Yes. Taking the average, not just my service in my county, it has been a possibility for people to live here and work there. Our main group of passengers is students who go to universities and high schools. Before, they lived in the city where they had the university. Today they can use the daily service.

Q21 Clive Efford: What has been the impact of your improved services on car use?

Mr Lundin: I am not sure if it has been a big impact in the long distance service. It is a good idea for us to test it. It is also a question of which lines and that we have enough departures to be interesting for people. I have the feeling that if we are to be interesting for a commuter service we must have in Sweden a level of departure that is at least one departure per hour or even more.

Q22 Clive Efford: Do you have problems of congestion on rail, particularly competing with high speed services going over greater distances using the same lines as perhaps slower, local services?

Mr Lundin: Not so much on these lines, no. We also try to get somewhat quicker ourselves so we should not be in the way of the high speed service.

Q23 Clive Efford: Do they use the same track?

Mr Lundin: Yes, most of the lines are regional tracks. It is only one of the six lines that I refer to that is on the main line. The freight service is quite big in Sweden. We decide when and where we should use the track.

Q24 Clive Efford: Do freight trains share the same tracks as your regional services?

Mr Lundin: Yes.

Q25 Clive Efford: Does that cause a congestion problem?

Mr Lundin: Yes, in certain areas. The freight service also has high demand to be on time. That is a problem for us.

Q26 Miss McIntosh: If I could make my declaration of interest, in addition to being half Danish I also have an interest in First Group and I am currently undertaking a placement with the

Industry and Parliament Trust with Network Rail. We are very privileged to have you before the Committee today. You are very welcome here. You say that the marketing has quite a large role in increasing the passenger uptake. Would you show the Committee what form the marketing takes?

Mr Lundin: Marketing is to make it clear to people that what has been there all the time has changed. It is always the problem that the train has a long tradition and people perhaps remember the days when you used to have to go to school or something like that. Now we have new trains it is part of the marketing and it is much more comfortable on board the trains. We also use some marketing to tell people that using this regional service means you get a higher service at a lower cost. It is low cost if you go a long distance. If you use the regional service, it is cheaper than the high speed services. All our fare system which includes a discount card is available on the train, on the same routes as on the bus service. With the same ticket you can use the train and then transfer to a bus.

Q27 Miss McIntosh: Is it marketed as being 10 journeys for the price of so many? Do you market it as an integrated service with complete cross-over between modes of transport so that it is cheaper if you buy so many tickets?

Mr Lundin: Yes. In general, our fare system is such that we are trying to get customers to come on to our service. That is why we have about 70% on average cost cover for our authority. It means the decision makers are prepared to give that treatment to public transport in our county. It means 30% of the total cost of the bus and train service altogether. As it is a net contract, it is also very important that we have handed over a lot of responsibility for the fare system to the operator. The operator gives to the net contract a lower price but keeps the income from his on board tickets and those are usually the long distance tickets. The operator also has some flexibility and benefits for the passengers. For example, you can go everywhere in this area for 100 Swedish krone on a Saturday. A lot of that is the operator's marketing.

Q28 Miss McIntosh: How do most of your customers buy their tickets? Do they buy them in person on the day of travel? Do they purchase in advance over the phone or on the internet? What is the most usual type of purchase?

Mr Lundin: On board the train and that is a situation which is better in the UK than in Sweden. Most of our stations do not have ticket office. I am very impressed not only by your investments. I have seen British trains for 20 years and I am impressed to see the improvements.

Q29 Chairman: Are you sure you have been travelling on British trains?

Mr Lundin: Yes. We can learn a lot. We sell our tickets through the train crew and the train crew also sell our magnetic cards.

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Q30 Miss McIntosh: The cheap fares?

Mr Lundin: Yes.

Q31 Miss McIntosh: Could you explain to the Committee what is the role of the Passenger Transport Executive in your regional system?

Mr Lundin: What is a Passenger Transport Executive?

Q32 Chairman: Miss McIntosh was not here when you were talking about county involvement. In this country, a local authority would be involved in what we call the Passenger Transport Executive but what you are saying to us is the county will have control of economics. It will negotiate a franchise with a personal operator and there is a degree of flexibility in fixing fares that will enable the operator to decide what they want to do. Is that right?

Mr Lundin: Yes. That was a change some years ago. It was a demand from the state to give us a subsidy that it should be a net contract in that case.

Miss McIntosh: Do you believe that the operator should have the final say in setting the fare, operating the service and the involvement of the local authority? Are you happy with the situation currently?

Chairman: Is the final arbiter the local authority? That is what Miss McIntosh is asking.

Q33 Miss McIntosh: No. Do you believe that the operator has sufficient control at the moment?

Mr Lundin: Yes, I believe the operator has sufficient control during this five year contract period. It is a very short period. The price for us is that we have the responsibility to own the vehicles. It is not operational leasing; it is financial leasing. We have bought trains to get private operators because no operator, not even the huge European companies, could take the risk of a five year contract to lease their own trains.

Q34 Chairman: I am sure you realise we have a magnificent mess where the state does not own the rolling stock. The person who does own the rolling stock makes an enormous amount of money and the operating companies lease from them. You implied earlier on that you put conductors on your trains. When it was owned by Swedish Railways, did they have no conductors on the train and then you put conductors on the train? Is that what happened?

Mr Lundin: Let us start before 1985. That era there was a subsidy that went to the state railway. They have rules from the beginning, not written rules but they had always been there. For example, it should be a conductor and a driver and it should be a person at the station who coupled together part of the train. Then we had a private operator starting in 1990 who said, "We wish to do it in another way." It was possible for them to have single operator trains and the driver also could couple together parts of trains. It was much cheaper that way and that was a benefit for us.

Q35 Chairman: Did you put the conductors back onto the trains?

Mr Lundin: Yes. Now we have conductors back in service. We have made investments in bigger trains, shorter travelling times and that means that the driver could not sell the tickets so therefore we have to have a train crew on board. That means we are declining the rate of cost coverage to about 45% or something like that today. We will reach about 50%, I guess, when we have filled the gap for our ticketing system. Before we had old trains with no capital cost at all. That means that was higher cost coverage before, almost 70%. We used that in the first step to refurbish those trains. You cannot have it all the time. Sooner or later, you must think of the future and make investments.

Q36 Ian Lucas: Are local rail lines separately designated from the conventional rail network in Sweden?

Mr Lundin: Not today. It was in plans before they divided into the national network and the regional network. You get investment subsidy from different sources. Today, it is put all together.

Q37 Ian Lucas: You have the same safety standards, for example, on your network as on the main network?

Mr Lundin: Yes, and not only on the network. The company we have must have the same security level as big companies. They must have managers that are responsible for security on board the trains.

Q38 Ian Lucas: Are most of your passengers commuters or tourists? What is the main area?

Mr Lundin: Very few of them are tourists. That might be a problem for us because we are not so touristic. We send our inhabitants to the coast in the summer time. I have no figures but about two thirds are commuters. We see them daily. One third are long distance travellers who travel less often but it is a large number of people.

Q39 Ian Lucas: Do you think that one of the reasons for the fact that people are travelling longer distances now to go to work is because of your service?

Mr Lundin: Yes, and especially going to university and school.

Q40 Ian Lucas: You have opened up a lot of new stations. Where has the funding come from for that? Is that part of your general budget or have you made specific applications for grants from government?

Mr Lundin: The major stations are paid for by the users which are the operators, which also includes a long distance bus service. They have to pay a fee for using those big stations. It is not a big number of stations. We have four or five in our county. The small stations are more like a platform. We are talking about investments in platforms and things like that. It has been a responsibility for the municipalities. We have also in our plans just for

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platform areas a special subsidy which means that 50% of the cost has come from the municipality and 50% has been from government.

Q41 Ian Lucas: The smaller stations are more platforms than buildings? They are not used for community use in addition to being used as platforms?

Mr Lundin: Most of the old stations are gone or are private houses nowadays. We are using platforms and facilities on board the platforms—shelters, for example.

Q42 Ian Lucas: You mentioned that 60% of your population can travel two kilometres to the station. How do they travel to the station?

Mr Lundin: Most of them are walking to the station. I do not have a figure but that is part of the success. It is much more difficult to find a user that must first have a bus and then a train.

Q43 Chairman: It looks as though, with the new rolling stock, you had to replace the old rolling stock and you chose a completely different system, a different engine and a different design and different sizes. Is that the case?

Mr Lundin: Yes. It is quite interesting that in the 1988 Transport Act we were given the old rolling stock free of charge. We also got a subsidy of the size that the state railway had before for a 10 year period until 2000.

Q44 Chairman: You have the subsidy that would have gone to the rolling stock in the national railway?

Mr Lundin: We have used some of this subsidy by making an investment in refurbishment. This is quite a small investment compared to buying new rolling stock. For perhaps 10 years it has helped us to have a train that looks quite new inside.

Q45 Chairman: Its bigger seats are more comfortable?

Mr Lundin: It is much more comfortable. You can lean back the seats, for example.

Chairman: We have a much more unique approach. We buy very expensive new rolling stock which has smaller seats, is less comfortable and the lavatories do not work. Apart from that, we have got it right.

Q46 Ian Lucas: Who maintains the track in the Swedish system?

Mr Lundin: It is part of the old, former state railway that is our Railtrack. It is called Banverket. Most of the employees are on the Railtrack infrastructure.

Q47 Ian Lucas: Do you pay them for maintaining the track?

Mr Lundin: Yes, we do but in Sweden we have a decision which we could translate. It should not be more expensive to use heavy vehicles on track than on road. That means that we pay about 30% of the cost of investment and maintenance of the track for our service. From 1985 to 1990 we had to pay for the cost of the track. That meant that we who had bad tracks had to pay more than our neighbours who had good tracks. This is a good system for us because 30% is better than having to pay 100%. It is not a heavy part of the cost, using the tracks.

Q48 Clive Efford: You pay 30% of the costs of maintaining the track. Where does the remainder come from?

Mr Lundin: It comes in some way from the government.

Q49 Clive Efford: It is a heavy subsidy?

Mr Lundin: It is a very heavy subsidy and it is a very heavy investment. In the new 12 year plan it is more investment in rail than in roads in Sweden.

Q50 Clive Efford: We have severe problems with soggy leaves and fine snow that seem to bring our rail system to a halt on a regular basis. You seem to have more severe weather than us at times and manage to run a railway. Could you enlighten us as to how you achieve that?

Mr Lundin: I used to say that we have recycled British weather. We also have those leaves. It is a problem for us. We have more forests than you have. October is a horrible month for us but with the new trains it is not as big a problem as with the old trains. **Chairman:** Mr Lundin, we are enormously grateful and I am very, very sorry that you lost your case. I really do apologise for that. Not only do I now know how to pronounce “Jönköping” but, if you are ever looking for a part time job, perhaps you would like to come and run some of our railways. Thank you very much.

Witnesses: **Mr Iain Coucher**, Deputy Chief Executive, and **Mr Paul Plummer**, Director of Corporate Planning, Network Rail; **Mr Graham Smith**, Planning Director, English, Welsh and Scottish Railway, examined.

Q51 Chairman: Good afternoon, gentlemen. Would you identify yourselves, please?

Mr Coucher: My name is Iain Coucher. I am the deputy chief executive of Network Rail. On my right is Paul Plummer, also from Network Rail. He is director of planning.

Mr Smith: My name is Graham Smith. I am the planning director for English, Welsh and Scottish Railway.

Q52 Chairman: You are all most warmly welcome. As you can imagine, our inquiry into rural rail is very important because we see it as a way forward for the railway system. Do either of you want to say a few words before we start? Do you know what proportion of your costs is attributable to rural lines?

Mr Coucher: We have never calculated precisely the cost of maintaining and operating or renewing the

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rural network. The costs that we do incur are a function of the usage of a particular part of the railway and that in turn is a function of the types of trains which go down there, which is dictated by speed, weight and frequency. As our rural routes only carry round about 6% of total passenger trains, only a very small proportion of our total costs are associated with rural railways.

Q53 Chairman: You could approximately say that you would differentiate according to use, not according to rural or urban?

Mr Coucher: Yes. It has never been precisely calculated although, as we move into the new way of planning, the intention is that we break down much more precisely the costs allocated by specific routes.

Q54 Chairman: At the moment, for example, you would not say that the rural lines were a higher proportion. You would say they were quite a small amount of your total proportion because of the use?

Mr Coucher: Yes. It is a very small proportion of our total cost and the same would apply for renewables. We renew the asset when it has expired and because of the usage on rural routes it tends to last a lot longer. We have parts of the network which are very lightly used and will last for many years.

Q55 Chairman: Do you think rural railways have been neglected in favour of long distance lines?

Mr Coucher: From Network Rail's side, no. All our work is treated as equally seriously as any other part of the network.

Q56 Chairman: When you are prioritising, I do not say this in a pejorative sense but would you be more inclined to go for those lines that were heavily used rather than those that were lightly used?

Mr Coucher: We tend to focus our money on where it is needed to maintain operational services. On the renewable side, we tend to spend more on the main lines because track that is very heavily used would last five years, whereas it could last 50 years on rural routes. It is just a function of usage. Rural routes tend to seem to get less but they do not proportionally.

Q57 Chairman: If I can quote the Public Transport Consortium, it says, "Most of the UK's branch lines are survivors of the 'Beeching' cuts . . . but it would appear that the railway industry has seen them as a nuisance . . .". They say there have been a number of success stories. "Almost all have been due to local interests and local authority involvement", the suggestion being that you will prioritise main lines, long distance lines, heavily used lines and that, from the point of view of someone maintaining an integrated track, the branch lines are a nuisance?

Mr Coucher: Not at all. We spend to support the whole rail network and our expenditure programme and activities are dictated by the usage.

We support all the rural routes and we maintain them properly. We operate them properly and we renew them as and when the asset is required to be renewed, which tends to be less often on a rural route when they do not wear out quite as much.

Q58 Ian Lucas: Your perception of the rural lines seems to be determined very much by existing usage. In other words, you support the existing usage of particular lines. I do not get any sense from you of you planning future usage. Do you look at lines and consider in what way services could be improved or do you not regard that as part of your function?

Mr Coucher: It will change when we assume responsibility for route utilisation strategies but at this point in time the responsibility for planning additional services for rural routes lies with the relevant train operating companies and the SRA. If somebody came to us and said, "We now wish to double the frequency of trains on a rural route", there is an incremental cost for doing that and that is reflected in the charges but it is not within our gift to go out and seek additional services. Rural routes tend to be lightly used and therefore it is very easy to add additional services onto rural routes.

Q59 Ian Lucas: It would not have big cost consequences as far as you are concerned?

Mr Coucher: No.

Q60 Chairman: Mr Smith, do you think rural railways and lines have been neglected in favour of long distance lines?

Mr Smith: I would agree with Iain Coucher. The majority of the investment in the network will go on the high speed, heavy volume routes by virtue of the fact that they wear out and need renewal. In terms of the rural routes, they tend to vary in standards. For example, the line to Cromer and Sheringham on which we move gas condensate from the North Sea has recently been renewed and resignalled. It is a high quality route and I know that because I use it when I stay at my flat in Cromer. On the other hand, the route between Bedford and Bletchley, which railfreight uses for compacted waste from London and disposing of Network Rail spent materials, is a line that suffers from temporary speed restrictions because of historical reasons related to the formation. I do not think one can say that the rural railways are either well or badly kept. They tend to be fit for purpose.

Q61 Chairman: I should perhaps accept that you have commercial reasons for not wanting to tell us but do you have a plan that says, in effect, "If we are to grow our business, because we will be wanting to deliver much more quantity, we will need to be running over rural lines that at the moment are not part of our plan"? Do you have a rolling programme that looks forward to developing areas that are at present not being used by EWS?

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Mr Smith: There are opportunities for developing business served by the rural community railway. There are quarries and slate mines, for example. There is a slate mine near Blaenau Ffestiniog which is being considered for reopening and removing slate waste materials. There may be further opportunities in Cornwall with china clay and in the urban areas of north Nottinghamshire and south Yorkshire, which were previously used for coal extraction, there are opportunities where new industry arises.

Q62 Chairman: You do not have a very specific policy that says, "This business would be possible to acquire but the line is in a state that would make that impossible"?

Mr Smith: There are certain places, for example, where there were branch lines in the past where, if a branch line was put back to the standard it was originally at, one could access previously rail connected works.

Q63 Chairman: Do you think the SRA's community strategy is the way forward?

Mr Coucher: We support it, yes.

Q64 Chairman: That is a tactful comment but can I be less tactful? Is it sufficiently workable as a policy?

Mr Plummer: There are elements of it that we certainly do support. There is very limited potential to save significant infrastructure costs as a result of the sort of things that are being contemplated.

Q65 Chairman: Which are the bits that you are pro and which are you anti?

Mr Plummer: We were concerned about the potential for a large number of micro-franchises, for example.

Q66 Chairman: Why?

Mr Plummer: We have had a lot of discussion with the SRA and the department to define the criteria where those would be appropriate so that it is focused on isolated parts of the network, where there is not a large interaction with the operation of the rest of the network. Where you do have those interactions, there would be significant costs or performance impacts from separating out the controls, for example. In relation to that example, if they are applied on the narrow terms that are being proposed by the SRA, that will not cause significant problems but could deliver real benefits.

Q67 Chairman: And the difficulties?

Mr Plummer: The difficulties applying more broadly would be that you would either get worse performance or additional costs.

Q68 Chairman: There are obviously some things that you find unacceptable. What are they?

Mr Plummer: I do not think they are unacceptable. The scope for savings in the infrastructure cost is limited and the focus is perhaps more rightly placed on the opportunities for advancing and growing the traffic on these parts of the railway.

Q69 Chairman: Is there a maintenance backlog on rural lines, Mr Coucher?

Mr Coucher: No.

Q70 Chairman: Not at all?

Mr Coucher: No more so than any other part of the network. We monitor maintenance very precisely. We have introduced a new works management system that records all backlog and all the maintenance and prioritises it. There are no specific areas of concern in any rural part of the network. There are a number of sites where we are scheduled to do work and we deferred it for resource reasons, not lack of funds, and in those locations we do incremental maintenance and apply some temporary speed restrictions.

Q71 Chairman: The suggestion that you are doing nothing in terms of maintenance, that you are rolling along in the same way that you did before major accidents and there have been no changes in the way you operate you would refute?

Mr Coucher: We have invested very heavily in additional works management systems that we have introduced over the last year or two, which record very precisely the works activity in all parts of the network. That, plus internalising the maintenance process, gave us a good opportunity for real understanding about the levels of maintenance and backlog on those particular sites.

Q72 Chairman: You would say now you are much clearer about what needs doing; you have a much better grasp of the information and a workable plan and that it is not true that there are large parts which are being totally neglected?

Mr Coucher: Correct.

Q73 Clive Efford: Do you take the same approach to surveying the rural railways as you do the main lines?

Mr Coucher: We have an inspection regime that is a function of the usage.

Q74 Chairman: I am not sure what that means.

Mr Coucher: On some of the rural lines, we will inspect and walk the track probably once a week. In parts of Clapham Junction, we will do it every day.

Q75 Chairman: On foot?

Mr Coucher: On foot.

Q76 Chairman: That is a high wastage of railway personnel, on that basis.

Mr Coucher: In the last two years, we have introduced a new regime of high speed inspection trains which do this manually. We are currently experimenting on the Chiltern line with the

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introduction of unmanned geometry measurement systems that sit on passenger trains. When we have that accepted, we will put that in every single part of the country and we will inspect these bits of track as frequently—

Q77 Chairman: Put in lay terms, what are you talking about? Is it a machine which records problems with split rails?

Mr Coucher: Yes. On the trains we put the systems on it will be at least once a day and we will record the physical condition of the track from a train mounted system. Whilst we will still continue to have people walking the track less frequently, we will have an increased understanding of the condition of the track. We have been doing that on many parts of the network. For the rural routes, it is not quite there yet.

Q78 Clive Efford: The concern would be that you could say that there are problems with rural rail because you have not carried out the same level of investigation so therefore it is easy to assume that everything is okay. We did not know about rail corner gauge cracking until it was far too late because inspections were not being carried out or they were and the information was not being processed properly. It is not possible to say that rural lines are being ignored in terms of making an assessment of the condition?

Mr Coucher: No, not at all. We inspect them less frequently because they are subject to less usage, but there is a certain frequency of inspection. I can assure you that we do every piece of track inspection and we record it meticulously as to how much has been done.

Q79 Clive Efford: Visual inspection only goes so far. What about ultrasound?

Mr Coucher: Every part of the network has at least two ultrasonic inspections per year.

Q80 Clive Efford: The use of grinders, these things called Spenos, on trains makes it very difficult to identify cracked rails. You have to use ultrasound now, where one of these machines has been on the track?

Mr Coucher: No, it is the opposite. We do ultrasonic inspections either with train mounted systems or manually where it is simply cheaper. We now systematically use train grinding to take out imperfections in the rail which can be detected by ultrasonics. One mechanism by which you fix defects in the rail detected by ultrasonics is to grind them out using the grinder. Grinding had been neglected for some time and we have been investing heavily over the last two or three years to restore a rail head management system.

Q81 Clive Efford: Anecdotal information I have had is from rail engineers who say visual inspections are now very difficult because of the grinders, because they grind the surface smooth and you cannot see the actual cracking.

Mr Coucher: The grinding takes cracks out of the rail. We supplement our inspection regimes with ultrasonic inspections which we do either with a person walking along the track with a manual device or train mounted systems. We do not rely on the human eye to detect cracks in the rails any more. We do, however, have a precautionary check which looks at other things on and around the railway, but to rely on the human eye to identify cracks in the rails is very, very inefficient or inappropriate. The technology we have got now looks through the rail, the railhead of the rail, below the rail, to identify cracks which could result in breakages rather than relying on the human eye to detect.

Q82 Clive Efford: It is heavy usage, not just deterioration over age that actually causes cracking?

Mr Coucher: It is heavy usage.

Q83 Clive Efford: The cracking is caused by more usage on busier lines?

Mr Coucher: Cracking occurs more on more heavily used train tracks and is also a function of the type of trains that you put down it.

Q84 Clive Efford: Is there a specific type of rolling stock that is likely to cause cracking?

Mr Coucher: What leads to poor railhead conditions, and cracking is not the only issue here, is really to do with the stiffness of the bogeys that the train sits on. It is not the train type; it is the way in which the bogeys are set up. We know what trains run over it, we model all of those, and our inspection regimes, our grinding frequencies, are dictated by the types of trains that run over it rather than simply relying on anecdotes and gut feeling.

Clive Efford: Thank you.

Q85 Ian Lucas: Who is responsible for station buildings?

Mr Coucher: Let me try and unpick this one. Network Rail owns all 2,504 stations on the network.

Q86 Chairman: 2,504?

Mr Coucher: At the last count. All but 17 of these are leased. Whilst we own them and we have the renewal responsibility, all but 17 of these are leased to train operating companies that manage the stations themselves. The 17 that we do manage ourselves are the major mainline stations like King's Cross, Paddington, Leeds, Edinburgh and places like that. The responsibility for maintaining and operating the stations lies with the individual train operating company but that is under a leasehold arrangement that we administer and they have got certain restrictions over what they can use it for and what they can do.

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Q87 Ian Lucas: What about vacant buildings? If I wanted to use a building at a station that was not used by anyone else, perhaps it is semi-derelict, who would I approach?

Mr Coucher: The starting point should be Network Rail: "Can we talk to Network Rail about the use of a vacant building?" If it is vacant it means that it is not being leased to the train operating company. There are one or two parts of the network where the property and the land it sits on is either derelict or disused and actually resides with the SRA and was non-operational, which was not transferred to Railtrack at privatisation. That is owned and looked after by a company called British Rail Properties Residual Limited, which is a wholly owned SRA subsidiary. The starting point is always come and talk to Network Rail because we will know the identity of those people.

Q88 Ian Lucas: How does Spacia fit into this?

Mr Coucher: Spacia is a wholly owned Network Rail company which generates income for investment on the railways from the redeployment of spaces underneath railway arches. They generate around about £80 million a year in income to Network Rail which we then use as part of investment in the rest of the railways.

Q89 Ian Lucas: I have come across situations myself in my constituency, and also we met a group at Frodsham in Cheshire when we were doing the Rural Railway Inquiry, where a number of organisations have had real problems trying to access buildings for community use and have encountered large delays in dealing with Network Rail. Is that a problem?

Mr Coucher: It has been a problem.

Q90 Ian Lucas: Why has the problem occurred?

Mr Coucher: There are two or three problems really. First of all, frequently we do get approaches on buildings that we do not own and we then have to route them back to the relevant SRA part of British Rail Residual Properties. Secondly, the disused properties and land do form an important part of our income stream. We will always try and either generate commercial income from the reuse of these buildings or dispose of them to generate income that we need. Quite often we get people approaching us suggesting they would like to have it at peppercorn rent and we are saying "No, we want to get a commercial rent for that" and that starts to get more difficult. Thirdly, I think that as an organisation we have been particularly difficult to engage with and we are going to establish a single point of contact for anybody who wants to have the possibility of using surplus property and/or space inside existing property for exactly that reason, that we have been difficult in the past. It is a problem which we would apologise for.

Q91 Ian Lucas: You mentioned that you would always try to maximise the income from any property. Do you have any other criteria by which

you might allow a building to be used such as social, environmental criteria, or do you have a duty only to operate on the basis of a profit?

Mr Coucher: We got a regulatory settlement this year and it was a lot of money, I appreciate that, but in the settlement the Regulator expects us to generate probably two to three billion pounds over the control period in income from third party sources and, therefore, we look to make sure that our shortfall investment over our grants and fares income comes from these sources. Our primary driver is to get a commercial return on property like that. Having said that, if we cannot then we do look for alternative uses and we do work with various partners, Community Rail Partnerships, to find alternative ways of doing that. It is good for us to use these buildings in that regard. They do not generate any income for us but it is good to have them occupied and looked after.

Q92 Ian Lucas: Do you ever consider the objective of allowing another organisation to do up a derelict building on the railway line? That may not bring you any income but it allows the buildings to be looked after.

Mr Coucher: Yes. There are quite a few instances where we have done that and we do encourage it. The argument always comes down to two or three things, I guess. Firstly, there is our belief that we could dispose of the land and the building itself for income, and people often say we should keep it and allow them to use it for other reasons and there is a disagreement about that. Secondly, if we need to retain the piece of land for operational railway uses in the future there tends to be an argument about the length of lease that we give and in turn that affects the investment criteria that people may use for a disused building. Thirdly is the way in which funds are generated. Quite frequently there is an expectation that Network Rail contributes a significant proportion of the redevelopment of that individual location for which we, of course, have no funds.

Q93 Ian Lucas: Will the Railway and Community Trust play a role in dealing with these buildings?

Mr Coucher: Yes. The Railway and Community Trust that they have been talking about is a way in which they can attract investment funds from outside the railway to generate and regenerate buildings of that nature. If we can find those instances we will work with the relevant authorities to free up those buildings under long leasehold or peppercorn rent to enable them to use that, subject to us having the ability to recover it with sufficient notice for any operational needs we may need in the future.

Q94 Chairman: I want to bring you back to safety before I bring Miss McIntosh in. Are you going to allow the continued use of foot crossings rather than insisting on footbridges?

Mr Coucher: At the moment we do continue to allow some foot crossings. The possibility of introducing new ones is more problematic for us

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because the health legislation restricts us from doing that. The continued use of footpaths across the railways is always subject to a risk assessment which is a function of the frequency of trains, the speed of approach and how much time people can see to get across.

Q95 Chairman: Are you going to look at the standards on the way that rural railways are run or are you going to maintain your existing stance?

Mr Coucher: At this point the standards for allowing continued use of footpaths is something that is driven by standards outside of our control, they are health and safety standards.

Q96 Chairman: You say that Network Rail is going to be reorganised, with operations managed through routes more closely allied to the map of train operators. Is that going to encourage smaller infrastructure works?

Mr Coucher: That in itself will not contribute to undertaking smaller infrastructure works. What we have now got is a national organisation that we deliver renewals on and we are looking to find ways in which we can do smaller renewals locally with the existing workforce that we have inherited since we took that back in-house.

Q97 Chairman: So could you look at a different system of track access charges on Community rail routes?

Mr Plummer: The review of the structure of costs and charges that is just starting with ORR is looking particularly at the structure of costs and whether they are different on the rural railways in terms of the incremental effect of running a train on a rural railway compared to elsewhere, and then it will move on to whether that should be reflected in different charges for the use of that railway.

Q98 Chairman: You were here listening to the evidence about Jönköping and the way that they do their calculations. Do you think that has something to be said for it?

Mr Plummer: I think I will need to look into it more, to be honest.

Chairman: Yes. Miss McIntosh?

Miss McIntosh: Thank you, Chairman. Presumably if we are interrupted by the vote we will continue?

Chairman: Yes, but I do not want to keep our witnesses here very long, we do have other witnesses. If we can keep the questions short, thank you.

Q99 Miss McIntosh: Mr Coucher, could I ask you what the level of investment was in renewals and maintenance of rural railways four years ago as compared with today? If you are not able to give us the figures today, could you write to us?

Mr Coucher: Yes. If I could adopt the latter option, please, that would be great.

Q100 Miss McIntosh: Would you say on balance that they were higher or lower four years ago?

Mr Coucher: Across the patch we are now investing significantly more in the infrastructure than ever before. In track renewals we have probably doubled, if not trebled, volumes of renewals across the entire network. On signalling schemes we have started to reintroduce a whole range of new signalling schemes. For certain, all parts of the network have seen increased funding. On the rural routes we have seen signalling schemes in places like Norwich-Cromer, a brand new system up there, Bedford-Bletchley is another rural route where we have just completed a signalling scheme. It is across all bits of the network.

The Committee suspended from 3.52pm to 4.21pm for a division in the House

Chairman: Miss McIntosh?

Q101 Miss McIntosh: I wonder if I could ask Mr Coucher to explain, for the benefit of the Committee, what the difference is between maintenance and renewals and improvements to track.

Mr Coucher: Certainly. Maintenance expenditure is what we do to keep the day-to-day railway just operating to allow the passage of trains to operate normally. It is just steady routine, keeping the tracks nice and clear and suitable for operation. Most of our assets wear out either through use or they simply become time expired, things like old signalling systems no longer work. When we take those out and replace them with exactly the same piece of equipment, that would constitute a renewal. If we take it out and replace it with something which does something better, enables the train to go faster or round a corner quicker or increases functionality to allow freight trains to join, that is what we call enhancement.

Q102 Miss McIntosh: And the implications of enhancement as opposed to renewal?

Mr Coucher: Enhancements would be done almost exclusively where there is a legitimate passenger benefit for spending more money than replacing the equipment on a like-for-like basis. We always undertake a benefits analysis to make sure that we are spending money only on those things which generate a benefit to passengers or to practices.

Miss McIntosh: Thank you. In paragraph seven of your submission to the Committee, you say: "It may be possible to differentiate these requirements on the basis that a lightly used community railway may have a lower risk profile compared to that for a high speed/high tonnage/high density trunk route", which you have expanded on a little bit. I do not know whether you want to say more about that. Also, that you wish to work with external agencies to agree which requirements may be relaxed. Which agencies are they?

Q103 Chairman: We did rather cover this earlier on so very briefly, Mr Coucher.

Mr Coucher: The agencies that we work with for the relaxation of standards if they are outside of our control would be the RSSB, the Rail Safety and Standards Board, which looks after group

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standards, or the HMRI itself. There are one or two standards out there which, subject to demonstration of the right risk profile and that the risk is properly managed, you could seek derogations.

Q104 Chairman: I want to come on to freight. EWS—forgive me, Mr Smith, I know you are not entirely EWS—what are your main concerns about the Community Rail Strategy?

Mr Smith: I think we have four concerns. The first is that the list of routes included in Appendix C includes some diversionary routes which while they do not normally see any freight activity, may not have any freight terminal on them, will be used to divert trains for engineering works and, therefore, need to be maintained and renewed to a standard capable of accommodating that.

Q105 Chairman: You are not saying that they should not be there but you are simply saying you want them maintained to a high level?

Mr Smith: Yes. Part of the criteria of these routes is that there is no substantial freight activity. I think that there needs to be further discussion with the SRA and whoever takes this project forward to point out that they might have missed a trick or two.

Q106 Chairman: And the next one?

Mr Smith: There is a suggestion that certain routes could be subject to a lighter regulatory regime as if somehow they could be changed or altered without reference to the protections within the Railways Act that are offered by the independent Office of Rail Regulation. We have always been strong supporters of that office and we would be concerned if in some way there was some diminution of powers. Our third point is that we would genuinely hope that there would be full consultation with the industry were the nature of routes or the designation of routes to be determined in the future. I do have to say that this particular consultation document from the SRA was subject to more effective consultation than we have known in the past.

Q107 Chairman: Simply because you did not get any consultation in the past.

Mr Smith: You might say that, I could not possibly comment.

Q108 Chairman: One up from nothing is not much of an improvement.

Mr Smith: Mr Austin did an excellent job. The final point I would make is there is a suggestion that routes could be downgraded or there could be the use of light rail vehicles. Again, both of those things could undermine the use of the route for freight either currently or in the future. We want full consultation and discussion with the final decision being made by the Rail Regulator before that can be implemented.

Q109 Chairman: What potential do you think is there for growth of freight on rural lines?

Mr Smith: There is potential for growth, particularly where rural lines are serving not necessarily heavy industry—one would not expect a rural route to be in an industrial area, although some of these community rail lists, for example the lines from Barnetby-Lincoln and Barnetby-Retford, are both critical lines for bringing freight out of the Port of Immingham—but where I think new freight might arise, besides coming through ports, will be where rural routes might be in places where there could be extracted minerals and, for example, the document highlights the number of rural routes in Cornwall. Cornwall is a significant originator of china clay for rail freight both going to Scotland and also going to the Channel Tunnel. There are places in the rural community where if planning permission was given for the extraction of materials we would argue that environmentally it would be better to haul it out by rail than by road.

Q110 Chairman: Presumably you have not only highlighted these problems but have made very clear the sorts of routes you are talking about?

Mr Smith: We have not only highlighted to the SRA in initial discussions which routes should not be included as community railways, and the SRA in their final list did exclude them, we were also active in pointing out when potential arises on these routes where they might be, as it were, de-listed and put in with the main routes on the network.

Q111 Chairman: I want to talk to you about freight facilities grants and how much the withdrawal has affected your business.

Mr Smith: Of the three grants that are available, freight facilities grants are arguably those which last the longest. The other grants, the track access grants and company neutral revenue support, are targeted on particular traffic. The freight facilities grant, which is a capital grant available to anybody, including the customers who invest in terminals or wagons, according to our customers who receive those grants, has affected some of their plans for use of the rail network.

Q112 Chairman: What kind of amounts are we talking about?

Mr Smith: There are aggregates companies both in the North West and in the Mendips and Leicestershire who have had to delay their plans in new terminals. They tend not to be specific about the volumes concerned, again for reasons of competition and commercial sensitivity, but possibly up to five million tonnes might have been delayed from going on to the railway because of the cessation of freight facilities grants.

Q113 Chairman: You know that the Strategic Rail Authority has suggested that, if necessary, preference will be given to TAG, track access grants. What would you say about that?

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Mr Smith: Our view as EWS is that rail freight should not be dependent on grants because traffic must be self-sustaining both for the customer and for the operator, but there are arguments for capital grants, freight facilities grants. We were somewhat concerned by the *Future of Transport* document published by the Government which suggested that environmental grants for rail would be merged with environmental grants for other modes. It is not yet clear to us either the way they will be administered or whether the proportion of funds that will be available in the future for rail compared with road or other modes will be what we have seen in the past.

Q114 Chairman: I understand your argument about commercial confidentiality but to persuade governments you have to do rather more than say "We have some customers who would not tell us why or which but undoubtedly are affected". Have you quantified the effect on your business and are you prepared to make that plain to government so they have some assessment of the damage that is being done? At the moment, forgive me for saying so, most of this is anecdotal.

Mr Smith: Yes.

Q115 Chairman: You and I both know that Treasuries are singularly unimpressed with anecdotal evidence.

Mr Smith: Yes.

Q116 Chairman: Have you made any conscious effort to quantify the loss to your business of both the track access grant and the other two grants?

Mr Smith: We are having discussions with the Department for Transport about that but the primary lobbying in this area is being done by the representative organisations of the customers, the CBI, the FTA and the Rail Freight Group.

Q117 Chairman: I understand that but, forgive me, knowing trade associations the way I do, it may seem to me that they will get exactly the same answer from the member companies: "We will tell you but, unfortunately, because of commercial confidentiality we cannot produce figures" and it is always easy for governments to ignore that kind of evidence. I say again, have you made any effort either to make that evidence available to the government on a wholly confidential basis or is it your intention to make that evidence available through the relevant trade associations so that the government realises that this is a particular policy that is having an impact?

Mr Smith: What we have done as far as grants are concerned is we have publicly stated that as EWS we do not want to base our business on grant funding, so we have not lobbied directly to government about the reinstatement of freight grants but we do, however, point out that customers and other operators within the rail freight industry have particular issues and we have identified the particular customers and flows where those issues arise.

Q118 Chairman: Tell me about freight multiple units. Is that offer going to make it easier for the carriage of freight on rural lines?

Mr Smith: We provide drivers and we secure the track access for freight multiple units which have a very light axle weight and are based on the multi-purpose vehicles that Network Rail use for various businesses. As EWS we have not pursued the freight multiple unit, our preference is for moving high volumes of goods, heavy weights. Those who promote the freight multiple unit say that it can access a niche market. The issue with the freight multiple unit is whether it can move sufficient volume to make it a profitable enterprise for the promoters.

Q119 Chairman: Presumably you are constantly looking at the new rural lines to make the point that you yourself made in your own evidence, to see whether they are capable of being exploited for further commercial use, so this is one of the things you should be looking at to see whether it is a valid argument.

Mr Smith: We look at any innovation that will grow rail freight but within our business philosophy which tends to focus on the advantages of rail over road, which is to be able to move business of a high weight rather than lighter weights in small units.

Q120 Chairman: So you have not done any exercise that says "If we did this we could cascade various engines down into the passenger sector"?

Mr Smith: We have a number of engines which are of some antiquity, over 40 years old, which we put up for sale to the highest bidder and a number of those engines have been purchased by other operators for use on the rail network for passenger services. Also, we hire some of these older engines to the passenger operators, for example in the Welsh Valleys, and recently we hired engines and coaches to Arriva trains who are operating services between Harrogate and Leeds and Leeds and Carlisle. It is a market in which we are active and it represents a small percentage of our business in terms of local passenger operators.

Q121 Chairman: Mr Smith, does the freight grant system make a difference between some of your services being viable economically and not viable economically?

Mr Smith: It makes a limited amount of difference. I would not say that it is the ultimate difference between success and failure. What a track access grant can do is merely to offset the cost of track access rather than any other costs. The company neutral revenue support is to support the inter-modal business. I repeat: it is our belief that the grant that offers the greatest benefit is the freight facilities grant which allows our customers to invest in terminals and wagons.

Q122 Chairman: What is the biggest barrier that you face in terms of expanding freight?

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Mr Smith: It is to be able to provide a reliable service on a network which has got sufficient capacity and capability. One of the biggest issues is to be able to connect customers to the network at a price which is affordable to the customer and to the operator.

Q123 Chairman: What do you need to guarantee that?

Mr Smith: I think we need something which we are exploring through the Rail Review, which is all parties to connect into the network—Network Rail, the customer, particularly the health and safety authorities—to be able to demonstrate that it can be done efficiently and effectively, not to take the amount of time it has taken in the past.

Q124 Chairman: Mr Coucher, before I let you go, you would be aware that there are allegations being made this week in the media, and most Members of Parliament treat allegations in the media with a certain amount of circumspection, but they are being made, that there have been no changes in your maintenance regime, that there are still major difficulties with areas like the Forth Bridge and that given this information you do not take action. What do you say to that?

Mr Coucher: Chairman, it is right that there have been some allegations made in the media this week that will be repeated on television later in the week. From Network Rail's perspective there were three specific allegations. The first was that inspection regimes on the Forth Rail Bridge are less safe than they were in the past. The second was that there were elements of track fastenings on a piece of track near Guildford which, in the journalist's mind, were not appropriate. The third was about efficiencies of work gangs in the Reading area. On the inspection regimes on the Forth Rail Bridge, the allegation here was that daylight patrolling has now been replaced by a combination of inspections at night using rail-mounted Land Rovers and in this particular case we have safety certification to prove this is correct and better because, as we said before, the use of technology on trains actually makes the inspection regimes better so we know more about the track from train mounted inspection regimes and, therefore, we no longer need to do quite as many daylight patrols. Track fastenings in Guildford: the allegation was there were parts of the track that were unsafe. Within

one hour of the report coming into the confidential reporting line, an engineer was on site. He inspected it and concluded that no action was required, it was within tolerance, the maintenance regime would pick up the odd one or two movements that had been in the mountings and that was normal. The journalist subsequently went back and he was not happy, again, with what had been done. We sent an engineer out to walk the track with him and, again, we are certain that the track was within tolerance and was safe to operate. The third was efficiencies of work gangs in the Reading area and there were one or two allegations that safety certification had not taken place, that safety briefings had not taken place. We were able to evidence to those making the allegations that the individual concerned had received no less than 15 individual briefings on aspects of track safety and we were satisfied that the processes had caught the anomalies. Whilst we cannot stop the programmes going out, we are satisfied from our work and our investigations that passenger safety and rail safety was not compromised.

Q125 Chairman: In view of the fact that the general public do not have access to the detailed information that you do—these allegations will be made, they were made today in a national newspaper and they will be repeated tomorrow on the television and we have not seen that programme but the kinds of comments that will be made are fairly clear—I hope that you will make every effort to ensure that your views are very clearly marked by the general public so that the question of safety and, above all, confidence in the railway system is maintained. You and I both know that it is very important that the customer understands that this is fundamentally a safe system and the problems that have arisen are now being addressed. Can I take it that is a correct representation of what you have said?

Mr Coucher: Yes, we agree with that. We have got a very significant campaign of communications through the media, to talk to journalists, to talk to stakeholders, to talk to yourselves, as to what we are doing about this and why we can be so certain that our safety has not been compromised.

Chairman: Mr Coucher, you know that you will have to face us again so I am sure you have not said that lightly. Thank you for coming and for bringing your colleague. Mr Smith, thank you very much.

Witnesses: **Dr Paul Salveson**, General Manager, Association of Community Rail Partnerships (ACoRP), **Mrs Sheila Dee**, Community Rail Officer, Chester to Shrewsbury Line; **Mr Jonathan Denby**, Head of Corporate Affairs, One Railway, Bittern Line; **Mr Scott Handley**, Chief Executive, and **Ms Ruth Annison**, Marketing Director, Wensleydale Railway plc, examined.

Q126 Chairman: May I begin by apologising to you very sincerely, I have no control over what happens on the floor of the House, nor any flexibility in the way we organise our business. I hope you will forgive me. You are most warmly welcome. I think the Committee is looking forward very much to hearing your views. Would you tell us who you are, please?

Dr Salveson: Paul Salveson, General Manager of the Association of Community Rail Partnerships.

Mrs Dee: I am Sheila Dee, Community Rail Officer for the Chester-Shrewsbury Line.

Mr Denby: I am John Denby, Head of Corporate Affairs for One Railway which is the franchise for the majority of East Anglia, including some of the

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rural lines in Norfolk which we are going to talk about.

Mr Handley: I am Scott Handley, Chief Executive of Wensleydale Railway plc.

Ms Annison: Ruth Annison, Marketing Director, Wensleydale Railway plc.

Q127 Chairman: Do any of you have anything you want to get on to the record before we start? No. I think what we would like to ask all of you first is how much do rural railways cost? Dr Salveson, do you want to have a go?

Dr Salveson: As far as we can see, the support that goes into regional rail in the UK is of the order of 800 million. The lines that the Strategic Rail Authority has identified as being community railways when you start to get into the more rural routes, that is round about 300 million. I think the 300 million figure is as near as you will get at the moment, although there are big issues about how we actually identify costs of individual lines.

Q128 Chairman: Let me ask you how much you think they need?

Dr Salveson: I think it is about how we use the subsidy that goes in at the moment. Obviously if there was a bottomless purse of money we could get new trains, we could reopen more railway. I think we need to look creatively at how that money is used now for the existing network.

Q129 Chairman: So you are not saying that necessarily you think a lot more money is required, you are simply saying move the amounts around within the budget?

Dr Salveson: I think we need to look at how that money is spent so that we get good value for money out of that 300 million which hopefully will help strengthen the argument for further investment in new services.

Q130 Chairman: Do you all think that the SRA's strategy, or its proposed way forward, is going to be useful for rural railways?

Mr Denby: Yes, I do think it will be useful. I think it gives a focus across the whole network which will help to embed some of the positive initiatives that have taken place in individual areas. What it means is that instead of there being isolated initiatives where people happen to have been proactive, you now have a framework within which train operators and others are encouraged to improve further across the entire network and not just in little bits.

Q131 Chairman: Does anybody want to add to that?

Mr Handley: It is good to see that rural railways are being given some attention in their own right whereas in the past they have tended to be the poor relation of the railway network. What does concern us slightly is that there is a focus on the existing franchise network in consideration of this and what is not being looked at is the opportunities for maybe existing freight only routes to come on stream to provide passenger services to rural areas, as we did in our case.

Q132 Chairman: Would you say there is a need to expand and these are the ways in which it could happen?

Mr Handley: Yes. What we are saying is if a railway is in situ at the moment it must be easier to provide a passenger service on that than it would be to reinstate a railway from scratch. Just because it is not part of the franchise network at the moment it should not be ruled out of consideration as potentially part of the rural network or community railway network.

Q133 Chairman: Is that the only problem with the strategy?

Mr Handley: I think broadly the strategy is to be welcomed. I suppose this is a personal view. We operate a rural railway line, we operate 22 miles of the national network and we are the only vertically integrated company doing that. What we would like to see is an ability for one-off situations to be allowed to progress.

Q134 Chairman: What does that mean?

Mr Handley: There is a danger that if the rural network is looked at as a whole or maybe in three or four categories there may be opportunities missed. Our line was a freight only route but within a matter of weeks of taking it over last year we converted it to a passenger service providing services seven days a week and we are seeing an increased requirement for freight services on that. It is by looking at the local market and responding to the needs of our passengers that we have been able to develop that. Within a framework of regulation or categories of rural lines that may have been quite difficult.

Chairman: Does anyone want to add to that? No. Miss McIntosh?

Q135 Miss McIntosh: Thank you, Chairman. Could I address my comments to Wensleydale for very obvious reasons. Are you unique in being the only rural railway line that runs with no government grant?

Mr Handley: I would not say we are unique in that regard, there are many private railways in the country that are operating, but we are unique in that we are operating part of the mainline network. I notice in the submission from Network Rail they say they control all of the UK network but, of course, that is not quite true, 22 miles of it in North Yorkshire are in our hands and we are regulated and controlled in just the same way that Network Rail are. We are unique in that way.

Q136 Miss McIntosh: If you take an individual station like Bedale, are you able to quantify what the contributions are of that stop is a function of both local tourism and local people using that route?

Mr Handley: Yes. Part of our remit, and we are privately funded, is to provide rail services for people. We are about moving towns closer together and bringing people closer together. The other part of the remit, which is equally important, is providing better facilities for people to get into the towns and spend money in the local communities, that is really

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what it is about. We know that in our first season of operation we ran trains up to Leyburn, the main market town in the middle of the Dales, and many businesses saw a significant increase in the number of people going.

Q137 Chairman: What was the significant increase?

Mr Handley: I heard between 10 and 30%.

Ms Annison: We are in the middle of a survey of Leyburn, which is a small market town which has had services since last July, and the Chairman of Bedale Chamber of Trade, which has only had a service since August, is doing an informal survey this very week to add to the formal survey of Leyburn businesses, so we will have the results of that survey.

Q138 Chairman: Maybe you would be kind enough to give us access to that.

Ms Annison: Yes.

Q139 Miss McIntosh: Did you encounter any specific problems in reopening any part of the line or did you get full co-operation and enthusiastic support?

Mr Handley: Whether it is a function of operating in Yorkshire or not, I am not sure, but in the early days there was a reluctance to accept that the project could go ahead, for many reasons.

Q140 Chairman: They are very difficult people in Yorkshire!

Mr Handley: They are our passengers and they are keeping the railway going and they have invested in the company, so without them it would not be happening. What we needed to do each day was to prove that we could deliver. We introduced low floor buses into Wensleydale running seven days a week and began to build a market for public transport and we have gone on each day. As we have developed seven days a week services at the same timetable every day the district councils have become involved and the county council is coming on line and we seeing a speeding up of the development process really.

Q141 Miss McIntosh: Are you able to say that there are lower cost units for opening a line like yourselves?

Mr Handley: Without a doubt.

Q142 Ms McIntosh: To what do you attribute that?

Mr Handley: I would not want to give the impression that this is the answer for the railway network or even for rural railways, but for some railways it does work. What we try to do is tailor the way we develop new stations, for example, or upgrade the track to what we can afford and what we know we can deliver going forward, but also another part of our remit is to try to reinvest locally, so where possible we plan our works and train people appropriately to the normal standards but in such a way that we can use local contractors, local suppliers, and they can work with us. That does bring costs down. We are able to control all aspects of the infrastructure as well. One decision that we took last year as part of a major

upgrading of capacity on the line was to close the railway for three week periods and that meant that we could provide a better service very quickly, and they understood that.

Q143 Miss McIntosh: Is it partly because you have a more limited service? What is your frequency and timetable throughout the year?

Mr Handley: At the moment we operate a train every two hours from round about 9.30 in the morning through to mid-afternoon. At the moment it is mainly geared to taking people into the Yorkshire Dales without their cars. Over the next couple of years—

Q144 Chairman: You are not suggesting you take them there but you do not bring them back. You would be confirming some of the worst prejudices, but I am sure that is not what you mean.

Mr Handley: At the moment the bigger problem is people leaving the Dales and not coming back. We do bring them back at the end of the day.

Q145 Miss McIntosh: Since this has opened, how many passengers have you carried? Have you seen an incremental increase?

Mr Handley: It is difficult to say because we have not yet had a full year of figures. What we have seen is there is quite a degree of seasonality, as you would expect for somewhere like the Yorkshire Dales. The key objective that we have got to increase the year round traffic is a good connection with the mainline at Northallerton. At the moment we are working in partnership with Arriva on their bus route in the area and we have agreed a through ticketing arrangement which will be our trains and their buses. We want to expand that. When we get down to Northallerton we will see another step increase as we are meeting the local need.

Q146 Miss McIntosh: The SRA's paper draws on "best practice and innovative approaches of the heritage and independent operators". Is there anything you would like to share with us that you think you do particularly well?

Mr Handley: It is easy to think that the secret is to keep the costs down but that is only part of the equation. Equally important, and more important in terms of morale of staff, is to increase the number of passengers on the trains. We put just as much effort into making sure that the services reflect what people want to do, and we work with local businesses to make sure the trains arrive at the right time. That very local objectivity and approach is important. Our services are not based on very detailed studies, they are based on discussions in post offices and in pubs and in community centres which leads to where the trains go.

Q147 Miss McIntosh: What percentage of volunteers do you have running the line?

Mr Handley: I would liken it probably to the way a hospital might operate where the key staff are all trained professionals but the League of Friends

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means a range of things can be done if funds are raised. All our key staff are paid staff but voluntary help means that we can do these other things.

Q148 Ian Lucas: Mr Denby, how important was the role of the local authority in starting up the line as far as you were concerned?

Mr Denby: Very important. Very clearly it was a joint initiative between the then Anglia Railways team and Norfolk County Council. It is true to say that without both parties being fully committed to it the partnership itself would not have happened. It relied on funding from both parties and an extra resource from within the county council and part of that person's time being attributed directly to working on the partnership. Having that consistency of approach throughout in terms of both parties continuing to be fully committed to it has made a very big difference because it has had a very firm foundation around which we have then built significant other third party funding from other bodies, smaller district councils, local businesses, Regional Development Agencies, those sorts of bodies. What you end up getting is a pot of money that you put together from a number of partners that simply would not have happened if just one of those partners on their own had been trying to improve services on the line. Having that pot of money allows you to more effectively and more quickly promote the line and do small scale improvements at stations, put information into places like the library and Tourist Information Centres, spread the word more effectively so that those people who do not use the railway and perhaps think that it is less frequent, less reliable and more expensive than it actually is in practice are disabused of that notion and realise that their local service is there and it works very well for them.

Q149 Ian Lucas: Does it operate within just one county, within Norfolk?

Mr Denby: There are a number of partnerships that we are involved with. The two most well established ones are the Bittern Line, which is the Norwich to Sheringham route, and the Wherry Line which covers both the routes to Great Yarmouth and to Lowestoft. Norfolk County Council have been the most proactive of the local authorities with which we work in pushing these initiatives forward. We have now started one in Suffolk because they have seen the success of the one in Norfolk and worked with us on the Ipswich to Lowestoft line which was launched early this autumn. Indeed, in Essex they are ahead of Suffolk and are almost as far forward as Norfolk in being proactive in working with us.

Q150 Ian Lucas: What is the cost of the line per route mile?

Mr Denby: I would not be able to tell you that figure precisely because the track access charges that we have from Network Rail presented to us are for the whole of the area that One Railway covers, they are not broken down, but I believe that it would be

possible to get hold of that figure through Network Rail or for Network Rail to break down their costs of the infrastructure charges.

Q151 Ian Lucas: Could you arrange to forward that to us?

Mr Denby: I will liaise directly with Network Rail and ask what they can forward to you, certainly, yes. We could also forward our costs of what it costs us as the train operator to run that.

Q152 Ian Lucas: Do you compete with buses?

Mr Denby: There is some competition between Cromer and Norwich but the rest of the route is not as direct as the road route because it serves North Walsham and a couple of other places. From that point of view there is a little bit of competition for the Cromer-Norwich route but apart from that there is not much competition. Under the auspices of the county council we have co-ordinated more integrated transport links so that you have got fares that are valid on both trains and buses including along the North Norfolk coast.

Q153 Ian Lucas: You operate an integrated ticketing system?

Mr Denby: We do. What we have done is we have worked up with the help of the county council specific arrangements so that you have got specific fares that are valid on the trains and buses. As you might have in a metropolitan area or where there are PTEs, we have not got complete bus/rail integrated ticketing that all routes within Norfolk but what we have done as a train operator is proactively said to the bus operators, for example, "We will give you a certain amount of cash each year" and that then means our cheap day returns into Norwich are all valid on the bus as soon as you get into Norwich station and you can get straight into the city centre. That was a proactive thing that was worthwhile for the buses but also persuaded more people to use the train to get into Norwich.

Q154 Ian Lucas: Is most of your traffic commuter or just general traffic for shopping?

Mr Denby: It is a mix of commuter and leisure. It is seasonal. The highest patronage is during the months from late May through to late September when you can see quite a significant growth in the passenger numbers during that period. Outside that period it does stay quite steady. Apart from the immediate post-Christmas period in January it does hold pretty steady throughout the rest of the winter months and I think that is because the leisure patronage is quite high and North Norfolk is quite attractive for weekend breaks, for tourism, for bird watching, so there are a lot of reasons why people go to North Norfolk. The majority of the growth has been in leisure but, at the same time, we have seen a significant increase in commuting as well. Business traffic will be the smallest part of the patronage.

Q155 Ian Lucas: Mrs Dee, I know your line very well and I think you are probably dealing with six local authorities, is that right?

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Mrs Dee: I get funded by six local authorities and the train operating company.

Q156 Ian Lucas: It must be difficult to co-ordinate that.

Mrs Dee: It takes a fair amount of time to co-ordinate that and ensure that the funding is there. The change of administration in any of those authorities can jeopardise any funds that I might be expecting, shall I say, year to year.

Q157 Ian Lucas: So it is very difficult to construct a stable plan for the line?

Mrs Dee: It is. We have done one for the next five years with the help of the train operating company. As Wales now has a 15 year franchise, the train operating company—Arriva—have guaranteed five years funding for the post and the partnership and whilst the local authorities have matched it in principle, they can only go to their budgets year by year.

Q158 Ian Lucas: Does that inhibit development of the line?

Mrs Dee: I would like to say it does not but obviously it is in the background when doing any forward planning. I am always conscious of the fact that in November one of the local authorities may not be able to contribute fully.

Q159 Ian Lucas: In terms of development of facilities in stations, do you have to approach individual local authorities on a piecemeal basis?

Mrs Dee: I do. I am fortunate that the line runs through two countries. If, shall we say, the Welsh Assembly, as they have, install project inform systems on the Welsh side of the line, the English local authorities feel duly obliged to find funding to match it for the English stations. I would not say we play off one against the other but we have not had difficulty in funding the entire line.

Chairman: It sounds like an excellent system, do not give it up.

Q160 Ian Lucas: I do not know if you were here for the evidence from our Swedish witness earlier but he had clearly developed more stops and stations and I was wondering if that was something that you regard as feasible, Mr Denby or Mrs Dee? It seems to me that there appears to be a demand for that in particular stations, and Rossett is one that is mentioned regularly on the Chester-Shrewsbury line, but it always seems to be an extremely difficult thing to achieve whereas the Swedish gentleman seemed to be able to achieve that quite easily.

Mrs Dee: I think what has happened in the past is we have always gone on historic knowledge of where stations were and it is those communities that expect the stations to be reopened. On the Chester-Shrewsbury line the centres of population have changed and there is significant growth in other areas due to business parks and commuter traffic. I am talking about the business park at Chester. We do have to analyse yet again where for an efficient use the stop should be put. The production of the

SRA paper on new station proposals will help us go through the criteria to see whether any of those areas actually do reach that criteria.

Q161 Ian Lucas: Are you opening any new stations, Mr Denby?

Mr Denby: We have found on our routes, on the lines that we are operating, the legacy of Beeching was that most of the stations were all still there. What we have been doing over the last seven years is creating a more customer friendly passenger service. We have been getting rid of gaps in the service that were a disincentive to people to travel. We have made it into an hourly service throughout the day and we have worked with other parties to fund late evening trains so when people said they would not use the trains because it left them stranded we have worked with other parties jointly to make a more cohesive service across the day. With the feedback that we get through the partnerships we can pick up where there might be a true demand for an additional stop. In the past there was a skip stop pattern of service where some stations only had a service, say, every two or three hours whereas for most of the day people are not that time sensitive coming in from Cromer or Sheringham and an extra two minutes will not make a difference as to whether they use the train from Sheringham to Norwich or not, so you can put in those extra stops and get the extra traffic. I would emphasise to the Committee that one of the big things in terms of making a difference is getting a service frequency and a service pattern that is attractive to the local market and there is no doubt in my mind that has been one of the critical factors in attracting more people, that it is convenient and frequent enough and they can rely on it.

Q162 Ian Lucas: How would you go about obtaining new rolling stock? Is that feasible?

Mr Denby: I would say that new rolling stock is a challenge. You have to have the business case for doing it and that is always tough to achieve. There is new build rolling stock and there is additional rolling stock. Additional rolling stock is slightly easier because what you can go for is rolling stock that has already been built and, therefore, is less costly. Again, what you have got to look at is what the business case for the whole region is for putting those services in. In most cases these services as a straight commercial venture would not make money but we all know they have a much greater value to the region that they serve. Certainly we were able to introduce some service improvements through the Rail Passenger Partnership scheme, including the Norwich-Cambridge service, and the SRA, to their credit, underwrote the fact that we argued, with the support from local councils, that to get people off the A11, the comparative road between Norwich and Cambridge, you would have to bring in new high quality rolling stock and, indeed, the SRA supported that and that has been a huge success. Having surveyed passengers, 44% suggested that they would otherwise have stayed in their cars. If you have got that kind of support from third party

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funding you can bring in new build otherwise you need to work with local authorities or Regional Development Agencies to put in additional services where they see them as the greatest priority and work with them on that basis.

Q163 Clive Efford: Just following on from that, you own your own rolling stock, do you, you do not lease it?

Mr Denby: We lease all our rolling stock. The vast majority of train operators' rolling stock is leased through the three main leasing companies.

Q164 Clive Efford: If you were looking to expand and put in extra rolling stock, you would be entering into a new leasing arrangement, would you?

Mr Denby: Yes.

Q165 Clive Efford: The issue is about capacity, is it, and about attracting new customers to be able to cover the cost of leasing the extra rolling stock?

Mr Denby: Yes. We are getting to a point now where over the first few years since privatisation much of the extra rolling stock that has been brought on to the network has been used to create new services to accommodate growth, more people travelling on the network. Up until the last couple of years there was no cascade of rolling stock becoming spare. We have now reached that point and that means that the rolling stock leasing companies have rolling stock that is more available at a very competitive price to use for putting in customer services.

Q166 Chairman: You are not talking about all old rolling stock. You heard what our Swedish witness said, that they had found a new way of getting new rolling stock with different engines. Have you contemplated anything like that?

Mr Denby: I think most train operators would be very open-minded to looking at what rolling stock is available. Up until now it has tended to be that the most obvious option has been to use existing rolling stock redeployed but we would always be happy to look at other operations and other opportunities.

Q167 Clive Efford: I just want to be clear about this. For want of a better word, they are hand-me-downs, things that have been taken off of the mainline system and they are at a sort of price that is affordable by rural railways. That is the sort of market that rural train services are in for rolling stock, is it? They rely heavily on renewal.

Mr Denby: Yes. You said "hand-me-downs", but it does not necessarily mean that they have to be dilapidated, they are in very good condition, but—

Q168 Clive Efford: I appreciate that.

Mr Denby: For cost-effective operation it tends to be that it makes more sense most of the time to have that. If the market changes and there becomes available either nationally or internationally other rolling stock that fulfils all the safety and operating criteria but is at the same price as second hand rolling stock, if you like, then we have got no problem about using that.

Q169 Clive Efford: Does anybody else have anything to add to what your colleague has said?

Dr Salveson: We launched a report very recently, and I will leave a copy for the Committee, about looking at options for rolling stock on rural lines. Certainly one option is to refurbish existing trains but there was a strong feeling coming out of the report that the classic rural train, the Pacer unit, which is in regular operation in the North of England, the Bristol area and elsewhere, sooner or later will need replacing. There are a lot of these trains still running around, so there is a need for a strategic look at a replacement programme for these very basic trains. As I say, some train operators have refurbished them and there is several years' life in them, but the period of time for research and development of a new train for the rural routes could be five to 10 years, so we do need to start planning seriously now. We know that the SRA have already done some research on this, applying some of the principles of light rail technology to a rural type train, such as in operation in parts of Germany, for instance. But something that is acceptable in the UK environment is really urgently needed now.

Chairman: You talked about Germany and we are going to come on to talk about Germany.

Q170 Clive Efford: Since you mentioned Germany, you said that local rail services in Germany are providing a better service but for a similar level of subsidy as we have in the UK. Do you have any statistics on that?

Dr Salveson: It is very, very difficult to come up with precise figures. It was a suspicion rather than a definite fact. We are trying to get more detailed figures. We have got evidence on specific schemes where new services are delivered far more cheaply in Germany, for instance reopening a line in North Rhine-Westphalia which was financed largely by the region. It was round about the order of £1 million per mile, whereas if we compare that with the cost of reopening a railway in the UK it would be considerably greater. Also, the cost of building new stations was coming out at round about a quarter of a million pounds for a two platform station; the cost in the UK, once everything is taken into consideration, including the wider legal costs associated with it, would be a bit more like two million. There is a lot that could be learned there because the quality and the standard of these new facilities in Germany are every bit as good, if not better, as we get here but they are delivered far more cheaply, so we need to find out why that is.

Q171 Clive Efford: Who underwrote the costs of those?

Dr Salveson: Generally, in Germany and increasingly in other European countries it is the regional government, the *Länder* in Germany, who take the lead. They are the franchising authorities for local rail services which are delivered either by DB or by an increasing number of smaller operators in some cases or even firms like Arriva and Connex, for example.

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Q172 Clive Efford: They are not PPPs or PFIs?

Dr Salveson: No. Generally the track is still owned by DB Netz, the infrastructure company, similar to the Swedish situation with Banverket and Network Rail here. It is the actual train service operation which is put out to tender.

Q173 Clive Efford: The evidence that you have seen suggests that they get better value for money?

Dr Salveson: Yes.

Q174 Clive Efford: Can I ask generally, in the services that you provide, can you put your finger on any statistics that show a modal shift, that you have been successful in getting people out of cars and on to your services?

Mr Denby: The one that we have substantiated is the Norwich-Cambridge route where the research we did of passengers on the route a year after it had been introduced suggested that 44% would otherwise have stayed in their cars and not used the train. That is the best evidence we have for putting on additional services. There was a cross-country service to the north-west via Peterborough but there was not a direct service between Norwich and Cambridge so when we put that in with the support of a rail partnership and a grant from the Strategic Rail Authority we then measured how it did and it has been very successful in terms of growth. It must be 30% ahead of expectation. It has been well run, it has been successful and well promoted. In the survey we did on why people used it, 44% suggested they would have gone in the car.

Q175 Clive Efford: Any other examples from the other rail services?

Mr Handley: I think most of the traffic that we have generated to date has been new traffic, where people have been taking an opportunity to go for a day out without using the car for all of their journey, although they probably still use it for part of their journey.

Q176 Clive Efford: Could you give us some more detail on how you form part of a wider transport strategy in the regions in which you operate? For instance, is there a target by the local region that you want to reduce car use by and improve use in public transport?

Mr Denby: We work very closely with East of England Development Agency, which is our relevant RDA. Most of our work in the past has been with the local authorities in terms of trying to generate specific targets of passenger numbers, increases. The Regional Development Agencies are now becoming much more focused on transport targets, so that relationship is becoming much closer. I think one of the things that is worth emphasising is the level of contact between local authorities and train operators across the region over the years has varied hugely, and still does. What is worth recommending is having close interaction between train operators and local authorities for co-ordination is very important. In the past whereas local authorities have been very, very successful and

proactive about how they improve their road network so that whenever a funding window opens there is a scheme to go in, in the past the railway has not been as good at working with local authorities so that when a funding window has opened for the railway, whatever it may be, from government, from Europe, from the region or wherever, there has not been a scheme waiting to go and it has missed the boat. That is where some of the successes of the Community Rail Partnerships have been, that they have been working together and moving things forward. I will just emphasise that the Strategic Rail Authority's document was very sensible in having a mix of solutions because different rural routes have different characteristics, there is not a one-size-fits-all. There may be some rural routes, like Scott's for example, which work very well in a very close focused way, that are independent and work on their own and are most cost-effective doing that but, equally, some of our local routes that are integrated into the rest of the franchise would be more expensive if we tried to run them separately. I would emphasise that it is horses for courses.

Q177 Chairman: Can I ask you two things finally. Do you think that ACoRP and the Community Rail Partnerships in general are going to have their budgets cut?

Dr Salveson: I think it is far more complex than that. ACoRP is a national federation and most of our funding at the moment comes from the SRA and the Countryside Agency, both of which are being abolished. So we are very anxious that the Department for Transport or other government agencies, like Defra, are able to carry on that support. Without that a lot of the new Community Rail Partnerships that we have been able to assist will not happen. It is very clear in the White Paper on rail that the Government wants to see more Community Rail Partnerships, in which case there needs to be the resource there to enable them to come into being. On individual Community Rail Partnerships, the picture is far more fluid. Generally in the past Community Rail Partnerships have had a fairly hand-to-mouth existence with a bit of money here and there, some coming in from the local authorities, some from the train operators, and sometimes external charitable foundations. One of the most successful Community Rail Partnerships on the Penistone line between Huddersfield and Sheffield runs out of money at the end of January 2005, so we are working very hard to try to find a solution to their funding problems. That is not untypical. We have lost only two¹ Community Rail Partnerships so far from the lack of funding and they were both, very, very successful. The problem with a lot of Government funding is that it is two or three year funding. It supports projects which are new and innovative. So you can be as successful as you like but they will not continue the funding. There needs to be a commitment long-term that rewards success. I would argue for probably a tripartite split between the train operator, the local authorities and possibly

¹ Note by witness: Esk Valley and Lincolnshire. Esk Valley was reformed as Esk Valley Railway Development Co.

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other local sources, CRPs generating their own income from doing various things, delivering services, as some are increasingly doing, but at the end of the day if the local authorities and the train operator are not interested in supporting a Community Rail Partnership it would be very, very difficult to keep it going.

Q178 Chairman: Has there been a significant loss from the Rail Passenger Partnership grant?

Dr Salveson: Yes. If you do not mind, I will bring in Mrs Dee in a moment. The RPP scheme was extremely useful for Community Rail Partnerships because the way they work is that then try and add value to funds which are there in the railway industry. The RPP was administered by the SRA on behalf of the Government, the Department for Transport, but Community Rail Partnerships were able to bring in a lot of external money to back up the money from RPP. For instance, Ludlow Station, which I think you may have gone passed on your visit, was a very successful RPP scheme where Shropshire County Council and other local bodies complemented the money that came from RPP. It was a great loss and we have been encouraging the Government in our response to the Rail Review to bring back some sort of scheme that can replace RPP, call it what you like, there is no reason why it should not be an integrated scheme applied to rail and bus. Quite a few RPP schemes have a strong interchange element to them. Sheila?

Mrs Dee: I am sure you will know it very well. At Gobowen Station, which was just voted best small station of the year 2005, all those facilities there were supplied through an RPP grant, a quarter of a million pounds but only £50,000 from the RPP Scheme. It enabled there to be a 100 space car park, full CCTV, cycle, bus and taxi interchange and the passenger numbers rose almost immediately. It is one of the best stations we have got on the line. Actually, it is classed as unstaffed. It just goes to show how much we can do with small pots of money. A lot of schemes were put on hold that had already been built up with external funding secured which

stopped immediately when RPP funding stopped. It was a lifeline to a lot of rail partnerships and to local authorities who could then justify their spend very easily.

Q179 Chairman: How do you think CRPs ought to be funded in the long-term?

Dr Salveson: As I said previously, we do think it is essential that there is a strong buy-in by the train operator because Community Rail Partnerships deliver benefits for communities but they also deliver more passengers so that means the train operator is benefiting. On one of Jonathan's lines, the Bittern Line, the increase has been 162% on the latest figures over seven years. One, and previously Anglia Railways, is a very generous contributor to the Community Rail Partnerships. There is a benefit to the train operator and we would like to see that expressed in terms of some financial support to a Community Rail Partnership. For a local authority, a CRP brings benefits in terms of better services and facilities for the residents of an area and encourages visitors to come in by train. Again, there is a real economic, social and environmental benefit to local authorities so it is reasonable for local authorities and that could be county councils or district councils to contribute. We would not like a CRP to be dependent on any one particular source. I think their great strength is that they are a genuine partnership, they are not seen as the poodle of a train operator or as an extension of a local authority, although very often the officer, like Mrs Dee, is part of a local authority team. But they are genuinely seen as part of the community. When Sheila goes out on the line she knows all the staff and all the regular passengers and that really adds something to the attractiveness of a line and gets more people using it.

Chairman: On that encouraging note, apart from recommending Mrs Dee to take charge of the diplomatic service of the United Kingdom, I think we can say thank you very much to all of you and we look forward to having the chance to ride on all of these different lines, but not at the moment. Thank you very much indeed.

Wednesday 10 November 2004

Members present:

Mrs Gwyneth Dunwoody, in the Chair

Mr Jeffrey M Donaldson
Mr Brian H Donohoe
Clive Efford
Mrs Louise Ellman

Ian Lucas
Miss Anne McIntosh
Mr George Stevenson
Mr Graham Stringer

Witness: **Mr Anson Jack**, Director of Standards, Rail Safety and Standards Board (RSSB), examined.

Chairman: Members having an interest to declare?

Clive Efford: Member of the Transport and General Workers' Union.

Mr Stevenson: Member of the Transport and General Workers' Union.

Ian Lucas: Member of Amicus

Miss McIntosh: I have interests in First Group Eurotunnel and I am on an Industry and Parliament Trust scheme with Network Rail.

Chairman: ASLEF.

Mr Donohoe: Member of the Transport and General Workers' Union.

Mrs Ellman: Member of the Transport and General Workers' Union.

Q180 Chairman: As you can see, we have a broad range of unions on this committee. May I firstly warmly welcome you. I am going to ask you, in a moment, just to identify yourself, Mr Jack. May I make one remark before we begin? We know from the statement of the Secretary of State today that your Board is undertaking an investigation. Am I to take it that it would not be possible for you to comment on that, given the ongoing nature of the investigations?

Mr Jack: I am happy to confirm that we have just initiated an inquiry into the events of the weekend. I would prefer it if you did not speculate on that.

Q181 Chairman: I therefore ask the agreement of members that we do not follow that particular line of questioning. Mr Jack, will you please tell us who you are?

Mr Jack: I am Anson Jack and I am the Director for Standards at the Rail Safety and Standards Board. I joined the rail industry 25 years ago. I have worked in British Rail, Railtrack and Network Rail and joined the Rail Safety and Standards Board in July of last year.

Q182 Chairman: Can you tell us briefly the difference between the RSSB, Network Rail and Her Majesty's Rail Inspectorate in regard to safety standards?

Mr Jack: Basically, there is a hierarchy. HMRI is a part of the safety regulator, the Health and Safety Executive. They supervise the industry and its compliance with the rules and regulations that govern the industry. They do not themselves set regulations. Those will be set by the Secretary of State.

Q183 Chairman: So theirs is a directly monitoring role?

Mr Jack: That is correct. They do issue guidance to the industry as to what they expect. They publish documents from time to time, such as *Reducing Risks, Protecting People*, and that gives guidance to the industry. The Rail Safety and Standards Board sets the standards and manages the process for the industry to set its standards that basically govern the relationships across the industry, so typically between train operator and Network Rail, but there are also some other standards relating to the industry. Network Rail have their own suite of standards but they are, if you like, lower level standards. They specify either to their contractors or to their own staff what they are to do and they collectively enable Network Rail and the other operators in the industry to fulfil their obligations under their safety cases and under the Health and Safety at Work Act.

Q184 Chairman: Am I correct in saying that you are introducing some new group standards?

Mr Jack: The group standards are for the suite of standards that govern the industry, and there is an ongoing process of review and improvement of those standards.

Q185 Chairman: By "an ongoing process", you mean it is a constant, rolling re-examination of existing safety standards?

Mr Jack: That is correct. The basic rules are that we review things every five years but between those five years, if any member of the industry or we identify something that needs to be looked at and potentially adjusted, then that can be done.

Q186 Chairman: You are not looking at things particularly because you think the previous standards have become rather too elaborate and too expensive?

Mr Jack: When RSSB picked up the reins at the beginning of last year, in April of 2003, we did start looking at standards and asking questions as to whether they are fit for purpose. We have just reached the end of a process to review what standards are and should be in the future. During that process, we have identified a number of standards that we consider to involve excessive cost in relation to the safety benefit, and changes have been made to those standards.

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Q187 Chairman: What exactly is a railway group standards code?

Mr Jack: That is the set of rules that the industry signs up to, both by licence and contract, for how standards will change. It is the process for changing the standards.

Q188 Chairman: So it is not the parameters themselves; it is actually the business of how you can continue to evolve your examination of the standards?

Mr Jack: Yes. You could put it as the Government's rules for standards change, but within the document called *The Railway Group Standards Code* is a set of criteria for how standards should be judged.

Q189 Chairman: Is the aim to simplify those standards?

Mr Jack: Yes, that is one of the aims. The fundamental aim is to aid compliance with the Health and Safety at Work Act, but the Health and Safety at Work Act requires that people manage their business and the risks so far as is reasonably practicable, so there is a balance that is correctly struck between the input that you make and the output that you get.

Q190 Chairman: Is there any other legal constraint on your work apart from the Health and Safety at Work Act?

Mr Jack: The law at large of course is a constraint and there is a number of specific laws and regulations that constrain us. The most significant, I believe, are the fairly recent regulations that have been coming out of the European directives relating to interoperability and the recent safety directive. Those are going to set the tone and the environment in which standards are developed in the future.

Q191 Chairman: I take it that you look at those very carefully as to how they would affect the British system?

Mr Jack: We do. In fact the Rail Safety and Standards Board facilitates the industry's participation in the process of generating those European standards.

Q192 Chairman: So you are actually to blame and you are looking at what you have done. Is that it?

Mr Jack: No. The legislators have decided to create a framework for standards to be created and the industry is reacting to that by seeking to influence them and make sure that they have as much practical, economic and safety input as is appropriate.

Q193 Chairman: Who do you consult when you are doing that?

Mr Jack: We consult across the industry all our members and we run an open and transparent process. We welcome anyone who has a contribution to make.

Q194 Mrs Ellman: Can you reinterpret the Health and Safety at Work Act in the light of directives or other changes?

Mr Jack: I do not think it is for any member of the industry to interpret an Act. It is for us to comply with it. There are some debates going on about the exact relationship between the Health and Safety at Work Act and the new safety directive, but we would say that we believe we understand the Act and what it requires. We are seeking to understand what the requirements of the safety directive are, but it is only when the safety directive is implemented into UK regulations, through a process that the Department of Transport and the Health and Safety Executive would oversee, that they would be telling us what we have to do and if that is different.

Q195 Mrs Ellman: Are there any specific areas where those discussions are taking place and where there are differences?

Mr Jack: There are areas where people are trying to understand what the exact intention of the safety directive and the interoperability—

Q196 Mrs Ellman: Could you name any of those areas?

Mr Jack: In general terms, there is a debate going on under the European legislation about the role that Network Rail fulfils, which is called an infrastructure manager, and the train operator, which is called a railway undertaking. The exact relationship between the infrastructure manager and the railway undertaking is one that is clearly important to understand, particularly in the light of the implementation of the Secretary of State's White Paper.

Q197 Chairman: You are not telling us that that is not clear? The only reason that we have this split between operator and infrastructure is because of European ideas in the first place.

Mr Jack: It is not for me to comment on why we have the split.

Q198 Chairman: I am not asking you to comment. I am stating that this is not working, believe me. What I am asking is: surely, when these were agreed, it was made quite clear where the line of demarcation lay between the two? You are giving me the impression that is not the case.

Mr Jack: No, I am not saying that. I think it is quite clear what the respective responsibilities are but, in the light of new legislation which is coming in from Europe, it is important to retain clarity, and, if anything changes, to understand clearly what those changes are.

Q199 Mrs Ellman: There has been some suggestion of derogation from group standards for community rail lines. Who would be taking that decision about derogation?

Mr Jack: The process for standards change is the same process as for derogation. The group that would take the decisions is what is called a subject committee, which consists of elected industry

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representatives. They are all experts and they all have qualifications. They sit on something called a subject committee, which we oversee and participate in. They make decisions on standards changes or on derogations; that is fundamentally the same thing.

Q200 Mrs Ellman: Which do you think would be the better way to go in terms of community rail lines—derogations or a new standard?

Mr Jack: I think to an extent that is a bit of a downstream question in that the key thing is to work out what the community railways strategy wants to deliver and how to define that railway in the future and then to test whether the existing standards are fit for it or not. If they are not fit, then it may be appropriate to have a new suite of standards; it may be appropriate to go in and make some changes to the existing ones. That is almost an administrative issue. The real practical issue is about what is going to change; where are real costs and efficiencies going to be driven out so that community railways have a good viable future.

Q201 Mrs Ellman: Who would be taking that decision about the better way to go? Would it be you?

Mr Jack: No, we would see ourselves as technical advisers to that process. As the industry standards body, we can help, we can facilitate, but, in terms of defining what is an efficient way to configure the railway, that is very much one for the industry and the Strategic Rail Authority as part of developing the community railway strategy.

Q202 Mrs Ellman: You would not have a say in that, even in terms of safety?

Mr Jack: We would advise on what the implications are, but I think the key point is that standards should not be seen to be standing in the way of defining a new way of doing things. They should be seen as something that may need to be adjusted when people have decided what they do want to do. As long as what they want to do is efficient, safe, appropriately risk-assessed, then the standards will not be a problem.

Q203 Mrs Ellman: Who would make the judgment on whether it was safe and whether the change in standards was relevant or jeopardised safety?

Mr Jack: The people who are defining that overall solution would make the fundamental judgment. If they needed to make a change in a standard, then one of these subject committees I referred to would be the body that actually made the decision whether that was acceptable or not.

Q204 Ian Lucas: Is it possible to have a community rail group standard, a separate standard?

Mr Jack: There are many ways of skinning the cat here. It may be that the existing suite of standards allows whatever changes are designed to be implemented. It is just about looking at whether there is flexibility within the standards. It may be that it is appropriate to draw a line between the existing network and the community rail route, so

that there is a dedicated rail route with its own set of standards. In that case, a very particular standard might be appropriate. It may be that the suite of interoperability standards that is being developed in Europe will provide an efficient solution. It is possible to have those things. As I said before, standards need not be seen as standing in the way of this. What does stand in the way is if anyone wants to do something that is profoundly unsafe or inefficient.

Q205 Miss McIntosh: Could you elaborate on why you think the interoperable standards that the EU directive is insisting on would be particularly appropriate for community railways?

Mr Jack: I stand to be corrected but I do not think I said that they would be particularly appropriate. I said it may be that there would be some appropriate elements within those technical specifications for interoperability. I think that is a long shot. It is going to be some years before those specifications are well enough developed and perhaps with enough differentiation to offer solutions in the community rail environment. I think it would be much more productive to develop the solutions around the communities themselves, and then to test what the standards' needs are.

Q206 Miss McIntosh: Can you confirm, for the benefit of the travelling public as well as for this committee, that there will be the highest possible standards of safety for community railways and other rural railways?

Mr Jack: I think the important thing about that is that the responsibilities the industry has in relation to the Health and Safety at Work Act to its customers, the travelling public, are about having appropriate standards. When I say "appropriate", I mean managing risks as low as reasonably practicable. There may be situations where it is appropriate to have what might typically be called lower cost solutions. Some people may say that that may involve more risk. If that is in an environment in which the choice is between having a community railway that taxpayers and local passengers are happy to pay for and not having one because the costs are so high that it is uneconomic, then I believe that the lower end of the standard may be appropriate, as long as it has been properly risk-assessed and people are not taking unreasonable risks.

Q207 Miss McIntosh: The undertaking to which you referred, which lies at the heart of the EU directive, tended to relate more to the large train operating companies presumably, not the likes of the Wensleydale line and some of the other lines which offer an excellent rural community service but are not offering a national service. Would you agree?

Mr Jack: I am not quite sure what you meant by "undertaking". When I said railway undertaking, I was typically referring to the passenger train operators and freight train operators and not the heritage lines.

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Q208 Miss McIntosh: In your view, could the meaning of undertaking stretch to these rural undertakings?

Mr Jack: I think it would only stretch that far if it was the Government's wish that it did stretch that far. That goes back to the point that if interoperability specifications have something to offer, then it may be desirable. If they do not have something to offer and they would, if you like, impose too much cost in relation to the activity, then I believe the Government would be able not to extend interoperability to those railways.

Q209 Miss McIntosh: Could you give an example of a standard which would qualify for a derogation from the group of standards?

Mr Jack: We find ourselves derogating, for instance, if a piece of rolling stock does not quite fit around the infrastructure but the general standard for rolling stock says that you should use such and such a shape. If this rolling stock can fit around the infrastructure in a particular route, then there can be derogation. It is a permanent permit not to comply with the standard.

Q210 Miss McIntosh: It is purely on a technical specification. It is not that it is going to bounce off the track. It is purely a relaxing of a technical specification?

Mr Jack: A derogation would never be to go from a position that is safe to a position that is unsafe.

Q211 Miss McIntosh: So we do not need to have alarm bells ringing. It is not that the carriage is going to fall off the track; it is just that it does not meet a certain technical specification for crossing on to a main line.

Mr Jack: If I could explain a little bit more about the balance between usage and cost of maintenance, existing standards of track provide that the level of maintenance, and indeed the materials that are used for the track, vary with both the speed and the weight of the trains that pass over them. If there is an intensively used, high speed line, it has a higher specification. A lightly used, lower speed line can have a much lower specification. That is already the case. Many of the standards have got that flexibility in them.

Q212 Miss McIntosh: The track will be inspected by Network Rail on a rural or a community line in exactly the same way as the main line would be? I do not think we took evidence from Network Rail.

Mr Jack: That is a very particular question. I would guess that the decision would relate to who was responsible for owning and maintaining the track. The frequency with which it is done is very typically a good example of the sort of thing that can be done on a risk basis approach. If it is lightly used, it is not necessary to examine as frequently. If it is very heavily used, it may be appropriate to use different technology.

Q213 Miss McIntosh: Is it fair to say that we have as many or more rural branch lines or community railways in this country than in other European countries?

Mr Jack: I am not familiar with the minutiae of the statistics, but the impression I get from the dealings I have had with other countries is that it is a very similar structure. There is a tendency to judge countries by the high profile, high speed lines but in fact most countries have significant amounts of rural branch lines.

Q214 Clive Efford: I was intending to ask the question about an example of where a derogation might be applied. Is there not a danger that once you begin the process of starting to cut corners, you start to do it more regularly than would otherwise be the case, unless you have a flat set of standards below which you could not have any derogation?

Mr Jack: It would not be my personal opinion that that it is a danger. It is always the case that it is appropriate to have maintenance standards, specifications, that are appropriate to use and if one finds lightly used things, it is appropriate to have generally lower specifications than with highly used lines. That is about good management, properly assessing risks and responsibly taking them forward.

Q215 Clive Efford: I can understand that in relation to a railway or rolling stock that is more lightly used than another requiring less frequent inspections. One of the examples you gave was the actual bogeys on a carriage that might not fit in the way that the rail has been designed. Did I understand that correctly?

Mr Jack: No, I was talking about the shape, what we call the gauge, whether it goes underneath bridges or through tunnels.

Q216 Clive Efford: I stand corrected. My concern would be that you would actually need to increase the level of safety in those circumstances, but you are saying it is the degree of clearance?

Mr Jack: If I could just pick up on the flavour of what you were talking about, if you think about the rural railway as an overall system, it is both track, train, bogeys, passenger accommodation, drivers' accommodation and a signalling system. The important thing is to have a system that works together so that when you have a bogey with a particular specification and track with a particular specification, they do not give rise to unsafe conditions. That goes back to what I was saying earlier about the way forward for community railways is to define the overall system and, when you have defined the overall system in a safe and efficient way, hopefully one that is affordable for taxpayer and user, then you can define or make changes to any standards that you need to make. If the overall system hangs together, then there should be no problem with any adjustments in particular standards.

Q217 Clive Efford: Your organisation is wholly owned by the stakeholders in the railway?

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Mr Jack: That is correct.

Q218 Clive Efford: It is a not-for-profit organisation. Are there any examples of where your organisation has been approached for derogation and it has not been given?

Mr Jack: Yes. I could not name any specific examples today but, yes, they get turned down. The point I made earlier is that the decisions in relation to derogations are made by subject committees, which consist of the industry itself. We facilitate that. We would have an obligation to intervene if the subject committees were making inappropriate decisions, but that has never been needed.

Q219 Chairman: Before I let you go, Mr Jack, I just want to make sure I have it absolutely right. You are saying, in effect, that political decisions would be taken in the normal way by elected members. Beneath them there would be the Rail Safety Board operating with subject committees on which our rural community is represented. That subject committee would deal with technical specifications. You would ensure that as long as there was no obvious imbalance between what they have decided and what the law requires you to ensure is in place, that would then go ahead. Have I got that right?

Mr Jack: Yes.

Q220 Chairman: It is the line of responsibility I am trying to sort out. It is decided to have a community railway. You then set in effect an umbrella over the set-up but you do not decide the precise terms of anything like a derogation; that is done by a subject committee?

Mr Jack: Yes. We would be effectively the technical advisers, the administrators of the process. We own the standards that are published and mandated for the industry but the decision-making process for a standard change is one that involves a collective industry decision.

Q221 Chairman: Because of your own personal experience of the industry and the experience of the people who are fulfilling that role, you would not automatically expect that to mean that a rural railway line would have to comply with the very high standards of a high speed line because the situation is totally different and they would be required to operate within those parameters. Is that correct?

Mr Jack: That is correct, but it is worth saying that they do not have to comply with those same standards today.

Chairman: No, and I think that point is very important and it should not be missed. You have been very helpful, Mr Jack. Thank you very much indeed.

Witnesses: **Councillor Tony Page**, Reading Borough Council and member of LGA Environment Board (Labour transport portfolio holder), **Councillor Shona Johnstone**, Cambridgeshire County Council and member of LGA Environment Board (Conservative transport portfolio holder), and **Mr Vince Christie**, Senior Project Officer, LGA, Local Government Association, examined.

Q222 Chairman: I understand that none of you wish to say anything at the start. Do you think local authorities are good at funding rail services?

Mrs Johnstone: On the whole, I do not think that local authorities do have a very strong role in funding rail schemes. One of the reasons for that is that local authorities do not have the same responsibility for providing rail services in the way that we do to provide other public transport services, for example, buses.

Q223 Chairman: Do you think they are very aware of the role of rail?

Mrs Johnstone: I would say so, yes.

Mr Page: Could I just make one distinction at this point? There are, of course, groupings of local authorities that you will be familiar with in the PTEs with different legal remits and powers. Therefore, their interests are, I think, more focused on rail than is probably the case outside the PTE areas, such as those areas Councillor Johnstone and I represent, where we are much more marginal players.

Q224 Chairman: We were told recently that if a certain amount of the money suddenly becomes available, local councillors are much more likely to

have a road scheme up their sleeves than to think about funding rural railways. Would you think that was unfair?

Mrs Johnstone: I think it probably is the case that we are more likely to have other schemes that are on the shelf, so to speak. One of the reasons for that is that rail schemes are much more about taking forward with rail organisations such as the SRA or Network Rail, and it is therefore much more difficult to have a package quickly ready if you have some funding coming through that you need to be able to spend quickly. It is much more difficult to put together that sort of package quickly for a rail scheme; it is much easier to do it for some of the other schemes.

Mr Page: The other point to emphasise, Chairman, is the issue of cost and transparency. As Councillor Johnstone said, in terms of delivering road schemes, the local authority is fully aware of all the constraints, often knows the land in question already and will have tendered perhaps already part or all of the scheme. In dealing with the rail industry, one is dealing with an organisation that is considerably less transparent in terms of the way in which costs are allocated, and indeed simply finding out an accurate picture can often be very challenging. That is, of course, one of the issues that I know the Secretary of State has asked the Rail

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Regulator to look at in terms of disaggregating the costs and enabling local authorities to see what the real costs are.

Q225 Chairman: Is that the only reason why it is difficult to initiate community rail partnerships?

Mr Page: No, it is much more fragmented. I think, in terms of many local authorities, the sheer fragmentation of the current structure militates against that. Fundamentally, the lack of clarity and uncertainty over funding streams is probably the biggest obstacle.

Mrs Johnstone: I would say also that the constantly changing scenario of the rail industry with who is running what does not help us as local authorities to be able to work with one particular organisation. If we wanted to work with a train operating company, for example, certainly in my area, we are in a situation where the franchising means that they are concentrating on the need to try to maintain their business in future through franchising. You have different changes with, for example, Railtrack, Network Rail and the Strategic Rail Authority constantly changing the playing field, if you like, in the rail industry. That makes it much more difficult for local authorities to know who to deal with.

Q226 Chairman: I am prepared to accept that up to a point, Mrs Johnstone, but you must constantly deal with firms in roads which are changing and where there are changes from time to time in the way that the law affects roads. Why is it that it is only in rail that we get tizzed?

Mrs Johnstone: I would not necessarily accept that. We have long-term contracts, for example, with companies, consultants, and contractors drawing up road schemes and such like. That is a much more stable scenario.

Q227 Mrs Ellman: What has the impact been of the withdrawal of rail passenger partnerships?

Mr Page: The LGA undertook a survey last year. We can let you have a copy of this. Certainly, whilst the response was not by any means comprehensive, it did indicate some major problems.

Q228 Chairman: Mr Christie, will you tell us about this and why have you not said it to us already?

Mr Christie: We might have offered it to you but I do not think you asked. It was not really done for this purpose; it was done for the purposes of liaising with the SRA on the basis that it would be nice to have partnerships to develop stations. Going on from the discussion of the previous question, lots of partners need to become involved if, as a local authority, you want to spend some money. Sometimes it takes a very long time to get them all to agree together. One of the key elements for the Government's part of the funding would have been a rail partnership fund. I think people thought, having been announced as a big issue and a very positive development, that it was suddenly stopped with very little notice. That caused quite a lot of consternation in authorities which were

working the schemes up. If you spend money working something up and it suddenly stops, then there is trouble.

Q229 Mrs Ellman: Can you name any specific schemes that were stopped half-way and can you give us a full picture of what the actual impact of the withdrawal of those funds has actually been on rural services?

Mr Christie: I have not actually got the sheet in front of me.

Mrs Johnstone: I could give you a very local example of a station just north of Cambridge which had a car park funded partly through the rail partnership fund, which was very successful, so successful that we need to extend that car park. It has been very difficult to try to get the funding together to do that extension as a result of the withdrawals. My reaction to your question was: it is depressing.

Mr Christie: There is an example here for Norfolk County Council. There are several partnership schemes in the local transport plan both for the passenger facility and freight, including car park improvements, subsidised evening services and improved freight terminals. The objective was for a better passenger interchange and for rail freight.

Q230 Chairman: What are we talking about? Are we talking about car parks?

Mr Christie: We are talking about car parks. The departments would have been the SRA and the East of England Development Agency. The comment was: "RPP and freight grant suspension after only one recent scheme (Downham Market car park) completed, seen to be a source of considerable concern and potentially stopping a series of schemes for which Norfolk partnership funding already allocated". Norfolk partnership funding had already been allocated to develop these schemes and that was stopped. That is a bullet point which highlights that scheme. There are a number like that. This goes back to the beginning of 2003, so I imagine quite a lot of these things are still stopped.

Q231 Mrs Ellman: Should rail schemes be included in local transport plans?

Mr Page: In terms of the point I made earlier about PTEs and their remit, there is a strong case, and particularly if the precedent set by Merseytravel is extended to other PTEs and they are given a more active franchising role.

Q232 Chairman: We can call them passenger transport executives, to give them their full title.

Mr Page: I am corrected. The point is that, outside the passenger transport executives, I think there is less of a case, and certainly I do not think local authorities would be actively bidding for funding because we do not have control over the assets and infrastructure in the way that Councillor Johnstone referred to with road schemes, or indeed when it comes to tendering for bus services where we are the client and we can have some certainty over delivering something within a specified timeframe.

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That is very important with LTP funding. I think the uncertainty and the fragmentation of the industry would mean that most local authorities would fight shy of that.

Mrs Johnstone: I would agree. As a shire member, I would be wary about wanting to take on funding for the rail schemes, mainly because most of the railway lines through to Cambridgeshire, for example, go through the county; they are not within the county. Whilst I am very much in favour of building up partnerships with my neighbouring authorities, I think it would be quite a complex structure to set up in order to bid for LTP funds for a rail scheme.

Mr Page: The cynic might also add, Chairman, that passing funds to local authorities is all well and good but, of course, if those funds were not adequate for purpose, you would be putting us in the front line when it came to announcing railway closures.

Q233 Mrs Ellman: What are the biggest barriers in the way of integrating bus and rail services?

Mr Page: How long have you got? As you will know from an earlier evidence session we did on school transport, the issue of bus regulation and the structure of the industry outside London was discussed. I think, as has been pointed out in our submission to you and in various other submissions, the fact is that the deregulated bus industry can only be controlled where we let tenders at the margin. The only way we could ensure integration with a given train timetable is if we actually let the contract and specified the time. If it is part of the 85% of the commercial network, then we would simply be reliant upon pressure and influence on the operators to achieve some form of integration. Of course, the onus is on bus operators to integrate with rail, not on the rail operators to change their timetables to suit the bus operators. That is the reality. We would need a change in the current regulatory regime to deliver that greater integration of timetabling and also of ticketing, and then that leads us on to our old friend the Office of Fair Trading and competition issues when it comes to delivering greater co-ordination over ticketing. The current regulatory regime is not really conducive.

Q234 Mrs Ellman: What is the minimum change that you would need to make?

Mr Christie: As far as the OFT is concerned, one of the areas where I think the SRA's community rail led document did not understand the complexities of the Office of Fair Trading is in the OFT theory that if two bus operators agree anything with each other, including the railways or local authorities, then the fares are bound to go up and it is bound to be anti-competitive, which we do not accept. That is something to which they stick. If you are going to have integration of buses and rail at a local level and there is more than one operator, it is very difficult at the moment, and it may be a European problem on competition, to get over that issue. Integration between bus and rail on a through-ticketing basis is not necessarily the same as on joint fare scales; it makes it easier.

Q235 Mr Donohoe: Are you in favour of the substitution of the high quality, high frequency bus services instead of rural rail services?

Mrs Johnstone: The simple answer to that is "no". I would prefer to see the rural rail services running where that is possible.

Q236 Mr Donohoe: Why?

Mrs Johnstone: I think there is a substantial body of evidence that railways are more attractive and, in terms of social inclusion, they can provide much greater opportunities. There is evidence that where railways no longer run and bus services have been provided, it is very easy for those bus services in the future no longer to be provided, and this is on the argument that they are not commercially viable.

Q237 Mr Donohoe: Do you have evidence of that?

Mrs Johnstone: I do not have that specifically for Cambridgeshire.

Q238 Mr Donohoe: Do you think that concessionary fares should apply on community rail links?

Mrs Johnstone: I think they often do already operate on community railways. The maximum flexibility and tailoring of the right fares for the particular circumstances is probably a better approach, rather than one size fits all and you must have some sort of concessionary fare.

Q239 Mr Donohoe: Do you think it is the local authority's responsibility to have these subsidies paid for by the local authority, that you should subsidise fares?

Mrs Johnstone: District councils provide subsidised passes for bus transport. There could well be arguments that that should be the case also with trains. If there is not a suitable bus service but there is a train service that runs, then there are arguments that you should be able to use that bus pass on the train.

Q240 Mr Donohoe: In the part of the country that I represent there is a PTE which does subsidise fares quite extraordinarily. Do you think you have that capacity as it stands within your local government to be able to undertake a similar scheme or do you think that the direction for it is to have, across the whole country, areas of a size that can support such subsidies?

Mrs Johnstone: The aspiration is fine but it comes back to the revenue funding of local authorities. If the local authority is faced with severe pressures on its budgets, as certainly Cambridgeshire is, and that is the only local authority I can speak for, it would be very difficult, however much we would aspire to do so, to be able to provide subsidies.

Q241 Chairman: Gavin Strang has suggested that this is talking about the OFT stance on bus competition. Have you seen any sign of that?

Mr Page: No. We have made regular and frequent representations to Government about the current regulatory regime and, other than the slight change announced or held out in respect of statutory quality

partnerships where the Secretary of State made an announcement in July, we have not seen any evidence of any real shift.

Q242 Clive Efford: Does the LGA have input into Regional Development Agency policy, or even the policy of local authorities, on environmental issues, traffic reduction and trying to encourage railway use?

Mr Page: We are effectively a trade association, so we act as a clearing house for best practice. It is not our job to hand down policies to our member associations, but obviously, in terms of dealings with the RDAs, there is a close working relationship at the regional level. In all areas, the counties and districts are represented on the appropriate regional assembly, which parallels the RDA area. That is where there is the close working input. Issues of national concern are fed up to us.

Q243 Clive Efford: I realise this has changed a lot since I was there. It always tried to lobby Government to try to influence policy, interpret policy, and fed that back to the local authorities. What I am driving at is that if we accept that rail has a major role to play in traffic reduction schemes, then surely it follows that local authorities would have an interest in maintaining, particularly in rural areas, the rail services?

Mr Page: Yes.

Q244 Clive Efford: Following on from that, do you think it would be sensible for regional development agencies or local authorities to have a hands-on role in, say, owning or part-owning rolling stock?

Mrs Johnstone: I think that would be extremely difficult. I do not think I would support it. I go back to an answer I gave previously, which is that, certainly within Cambridgeshire, there are no lines which are wholly within the county; they are through the county. Therefore, if you were to go down that line, and it might be more appropriate for passenger transport executives rather than for shire authorities; of shire authorities I think you would need to have a grouping of authorities in order for it to be even remotely practicable.

Q245 Clive Efford: Do you have roads that just end at your county boundary? What we are trying to identify here, and I am playing the devil's advocate, is that there does seem to be a different attitude to rail because it goes beyond our county boundary but for roads, that is fine, we will continue to maintain and have a financial interest.

Mrs Johnstone: No, I am not saying that. Roads are our responsibility. Railways are not our responsibility. We have a role to influence and persuade but we would essentially therefore be sending rolling stock, for example going back to Cambridgeshire across to Suffolk or Norfolk or Hertfordshire, or any one of the other authorities. I think we would need more of a partnership with other shire authorities. I am not saying that it would not be suitable for passenger transport executives and metropolitan areas. There it might be more

appropriate and it might be possible to do it. I am thinking of shire areas where it would be more difficult and we would need to have some sort of partnership with neighbouring authorities.

Mr Page: The parallel is really with bus services. Local authorities quite frequently will purchase buses in order to let a tender with a bus supplied. Therefore, the operator is bidding merely to provide staff and to run. That is for a service over which we have control. Where we are tendering a service, we specify the hours, route, fares, frequencies, everything. Therefore, it may be logical also to purchase the bus. Sometimes it is, sometimes it is not. We do not have that control and influence over the provision of rail services. We are not even the SRA in terms of when it comes to specifying tenders; we are merely a player that can seek to influence. Therefore, the logic in purchasing rolling stock really does not strike me as flowing from that sort of relationship.

Q246 Clive Efford: Would regional development agencies be a more likely vehicle for that sort of partnership, or do you not see that being able to work either?

Mr Page: They are too big. I cannot imagine that any of the constituent authorities would agree to funding what would be essentially a fairly local service. I think it would be as political—with a small p and a big P—as that. RDAs have a strategic role. We are talking essentially about a very local service here. Most of the lines that been exemplified in the SRA's consultation paper do not cross that many local authority boundaries.

Q247 Chairman: Mr Page, do you have a consistent policy about looking at rural railway stations?

Mr Page: As an LGA, no, but I know our member authorities feel very strongly about this. Clearly, the scope for seeing improvements to rural railway stations is a priority for many of them. Therefore, the context of possible redevelopments in and around the station facilitating improvements, not only to the station itself but also to the services, is one that they are considering.

Q248 Chairman: Does the LGA have a plain policy that would recommend to its constituent parts they look at the numbers of railways where rural stations are used, unused, where there is the possibility for development and for local involvement? Is that part of your function?

Mr Christie: I think there has been a history of local authorities of all types taking an active role in railway stations because in some villages the railway station building is one of the most prominent buildings there. If it becomes a ramshackle mess, and it has done in some places in the past—

Q249 Chairman: You are not aware of a consistent set of guidelines or a policy that would look carefully at what is happening in various areas?

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Mr Page: I have been involved with the LGA since it was set up in 1997 and involved with its transport policy since then, and I am not aware of any guidance of that sort.

Q250 Miss McIntosh: If you feel that there is not a role for local authorities along the lines Mr Efford was questioning you, is there something we can learn from continental countries like Denmark and Holland where not only is there complete through-ticketing between trains and buses but also when the train arrives at the station, the bus does not leave until the passengers get off the train? Can the LGAs or local authorities generally actually look at achieving through-ticketing and a completely integrated service, particularly in rural areas?

Mr Page: It comes back to the point I was making earlier about the regulatory regime. No other European country has the completely deregulated mess of a bus industry that we have outside London.

Q251 Chairman: Some of them are thinking about it.

Mr Page: One or two may be, and I was in Bologna recently urging them not to do that. I was a voice crying in the wilderness perhaps but, nonetheless, the ghost of Nick Ridley is still stalking parts of the European Commission, I can assure you, Chairman.

Q252 Miss McIntosh: Why are you blaming the regulatory and deregulatory system here?

Mr Page: Because we have no control over the way the buses operate over 85% of the network. That is the reality of deregulated buses. The market determines the service, not the public authority.

Q253 Miss McIntosh: In a rural network of buses like North Yorkshire, then there is in fact quite an extensive grant system delivered through the county council. You cannot wash your hands of it. What is the LGA solution?

Mr Page: I said in my first comment, I think, and I stand to be corrected, that where bus services were tendered, then clearly we control, as local authorities, the timetable. It is up to us then in that situation to ensure that integration is delivered. I am not in any way running away from that. Clearly, if the local authority is falling down on its duty, then we would, as an LGA, be critical of that, but I am not aware of any examples of that.

Mrs Johnstone: Cambridgeshire has in the past subsidised some services which link into trains. This is rather straying away from the railways, but it seems to me that if the bus operators want to maximise the amount of income they get through increasing patronage, it is in their own interests to integrate their services. It amazes me sometimes that they still do not do that.

Chairman: What an old-fashioned attitude!

Q254 Miss McIntosh: My impression is, though, and it is something that Mr Lundin mentioned in the session we had with him, that countries like Denmark do give discounted fares where you just

buy 10 tickets, a carnet or a card giving you 10 journeys in one go. Is it beyond the British operators or the LGAs to introduce a similar system here?

Mr Page: Our authorities do not have the power to impose that.

Miss McIntosh: You could introduce an incentive scheme.

Chairman: I think actually that Miss McIntosh wants a socialist government.

Q255 Miss McIntosh: I do not think that is particularly socialist. Is there any reason that you could not consider an incentive?

Mr Page: I am not really sure what you mean by incentive. Do you mean a financial incentive? Many of the operators you have referred to will already have been receiving a substantial wad of public cash by way of tendered services.

Q256 Miss McIntosh: These would be marketing incentives whereby if a county council is administering the government grant, encouraging—

Mrs Johnstone: Are you suggesting that the county councils or the transport authorities should be providing some sort of financial incentive?

Miss McIntosh: No, a marketing incentive because an awful lot of this is simply marketing.

Q257 Chairman: There is confusion here. We have established that where you are in control, you set your standards and you can demand certain things. If you go beyond that, you will find yourself in an argument with the OFT.

Mrs Johnstone: Certainly, I feel very strongly that we should be encouraging more use of public transport. One has to ask the question: should public money be used in marketing commercial operators' services?

Q258 Ian Lucas: Are you aware of working relationships between different local authorities, going back to the railways, in helping to operate local rail services?

Mrs Johnstone: There are some good examples in the Eastern Region between Norfolk and Suffolk in the past having used Rail Partnership funding to set up new schemes, and we have worked with Norfolk, and we will be working with Suffolk.

Q259 Ian Lucas: Are you aware of an organisation called TAITH in North Wales, which is a collection of local authorities working together to try to improve local rail services there? That is the structure that is being used at the present time to take it forward through the use of rail. Is that a way that you see it being taken forward?

Mr Page: I do not think there is any single template. One of the things that we as an association would want to do is to take examples such as that, and others, and ensure that they are disseminated. Clearly, once the consultation has finished, and I understand that the DfT will shortly be finalised their response to it, then clearly there will, hopefully, be more local authority interest and it will be our job

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as an association to ensure that that interest is taken forward with as much dissemination of good practice as possible. I think it really is horses for courses. We do not want to impose a single, one-size-fits-all solution. The important thing is that where you have keen voluntary groups, where you may have existing dial-a-ride or rural bus partnership funded schemes, it is a case of bringing together many disparate organisations and that really is best decided locally, not by us.

Mr Christie: We do have liaison meetings with the SRA from time to time, and indeed the directors have offered to meet us to talk about community

railways. No doubt when this document comes out, we will have a special meeting with them to discuss the very things we have just been talking about now because it is very important that they have ongoing partnerships which are stable in developing community links.

Chairman: I think we have all been encouraged by listening to you. I do hope, however, you will be able to go back to the LGA and carry to them the message that local involvement in railways ought to be carried out with the vigour that is normally committed to the roads programme. Thank you very much for coming.

Witnesses: **Mr Chris Austin**, Executive Director Community Rail Development and **Mr David Hibbs**, Assistant Director Community Rail Development Strategic Rail Authority, examined.

Q260 Chairman: Good afternoon, gentlemen, you are most warmly welcome. Can I ask you firstly to identify yourselves?

Mr Austin: I am Chris Austin, I am the Executive Director for Community Rail Development at the SRA, and my colleague with me is David Hibbs who is my Assistant Director.

Q261 Chairman: Mr Austin, do you have something you wanted to say to us?

Mr Austin: No, I do not, chairman; thank you.

Chairman: In which case I shall launch Miss McIntosh forth.

Q262 Miss McIntosh: I am very grateful, madam chairman. Mr Austin, can I welcome you to the Committee and can I ask you first of all on the matter of inter-modal integration, how do you believe that the integration of bus and rail services is best going to be achieved?

Mr Austin: There is quite a lot of good practice to build on. Around the country, for example, there are around 500 examples of through ticketing schemes between bus and rail, whether it is simple add-ons like Bus Plus or whether it is the good example in Cornwall of the Virtual Branch Line, with Trurorian providing, as it were, a rubber-tyred version of the branch line to the Eden Project and Helston. So there is quite a bit of good practice to build on and, clearly, the intention behind establishing partnerships is to build on that. A number of the partnerships have worked actively on that and the Penistone line in Yorkshire, for example, actually runs its own connecting bus services at certain times of day and runs a community car service as well. So there are lots of opportunities there. Underlying it though is the question of competition and how this is seen by the Competition Commission—this is something you raised with the earlier witnesses—and that clearly is an issue for us. We did consult both the OFT and the Competition Commission on it when we put the consultation paper out earlier in the year, although we have no response from them.

Q263 Chairman: Excuse me? No response?

Mr Austin: No response, no.

Q264 Chairman: No indication of their attitudes?

Mr Austin: No, chairman, and we will need to take that up if there are any particular issues relating to competition that we identify for the future.

Q265 Chairman: Mr Austin, I do not want to stop you, but I want to be quite clear; you as the SRA with responsibility, very specifically, for rural railways, you raised with the Office of Fair Trading and also with the Competition Commission?

Mr Austin: Yes.

Q266 Chairman: The possible clash of interest if you were to require an integrated service to be developed in a particular area; you received no reply, is that what you are telling us?

Mr Austin: To be clear, we sent them the consultation paper which invites people to comment. I have not gone beyond that with this statement.

Q267 Chairman: So you received no comment on a detailed position paper which you sent.

Mr Austin: No.

Chairman: Thank you.

Mr Stevenson: I wonder if I could just pick this up—

Miss McIntosh: Can I just continue with my line of thinking? How will train and bus operators and the community-run partnerships—

Chairman: I do not want to come off that. Mr Stevenson.

Q268 Mr Stevenson: I am sorry for interrupting but it is an observation on the questions here, because I recall we took evidence in this committee from the OFT and we had long sessions on this very issue, because witness after witness was saying that through ticketing, co-ordination of bus services, co-ordination of integration was being effectively stopped because the OFT and the Competition Commission would not allow it on competition grounds. The OFT I recall was very clear; they said that is not the case and if they had a submission from

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operators or authorities then they would consider that submission, but to date, I recall, they said they had not received a single submission. I wonder if I could ask the question, are you aware of any direct submission that has been made in this regard to the OFT and the Competition Commission?

Mr Austin: I am aware of a number of through ticketing schemes and indeed intra-available ticketing schemes and scheduled connections, which are working very satisfactorily now, so in that sense clearly the OFT is right.

Q269 Mr Stevenson: I am not sure whether the OFT is right because this is the second time today we have heard from witnesses that they have been barred from pushing this line because of the attitude of the OFT and Competition Commission. My question is, are you aware of any submission that was made to the OFT and Competition Commission in this regard that actually was refused by them?

Mr Austin: I am not, but then the submission would be made by the operators and not by us. I am not aware of any, no.

Mr Stevenson: Thank you.

Chairman: Miss McIntosh.

Q270 Miss McIntosh: How will the operators in the Community Rail Partnerships be able to implement service enhancements if it is Network Rail which has responsibility for publishing the timetable?

Mr Austin: The responsibility for service specification clearly needs to go with the funding authority, so at this stage it is us, in the future it will be the Department for Transport that will set the overall level of service provided through the timetable, because they will be planning for it. There are plenty of opportunities for local authorities, for example, to purchase additional services, and there are some good examples of that where local authorities fund, for example, evening services or Sunday services over and above the basic service provided with Government support. That is the area of opportunity. The way I would envisage it happening in the future under the strategy that we have been developing is that we would need to agree, or our successors in the Department would need to agree, the overall level of service to be provided, because that is what the public subsidy is paying for, but the detail of the timetable would be worked out by the operator in conjunction with the partnership. Particularly on branch lines, self-contained services, that is going to be much easier to manage because you are not interfering with mainline services or long distance ramifications, so it would be quite possible for the CRP and the local authority to be much more closely involved in timetable setting than it is, for example, today.

Q271 Miss McIntosh: Will it be available on the internet?

Mr Austin: What, the timetable?

Q272 Miss McIntosh: Will the timetable be available on the internet?

Mr Austin: Timetables are available on the internet now through Journey Planner, yes.

Q273 Miss McIntosh: Is it true that the SRA has encouraged bus substitution options to be put forward in the new franchise bids?

Mr Austin: On two of the franchise bids, for Greater Anglia and Northern, bidders were asked to put forward ideas on where bus substitution might help to reduce the cost of franchises, but in neither case were those followed up in the franchise agreements that were subsequently signed. In terms of the strategy I have been working on in community rail development I think we see the opportunities for buses there as a feeder service or to supplement the train service, maybe to substitute for it at certain times, and there are some examples of that happening now, for example, the Severn Beach line and the Conwy Valley line in North Wales, but not substituting for the complete service involving the closure of stations and lines. Indeed, the response we had from the public consultation was overwhelming support for that approach, there was no support for the substitution on a permanent basis of complete services.

Q274 Miss McIntosh: Where you did go for that option what was the main aim of the strategy, was it to save money?

Mr Austin: Yes, it was to reduce the franchise costs to the taxpayer.

Miss McIntosh: When you mention in your paper that there is potential to increase the number of larger stations with independent ticket agents, does that mean that the TOCs are to reduce the amount of commission paid to agents from the sale of rail tickets, and was this a decision from ATOC?

Q275 Chairman: Train Operating Company and the Association of Train Operating Companies. Do not worry, I am my own walking lexicon.

Mr Austin: Yes, we have had discussions with ATOC on how we might encourage and continue to develop independent agencies and they are quite keen to do that. It is governed by the Ticketing and Settlement Agreement, but we have established that there is a degree of flexibility there which we will try and develop and exploit as we roll the strategy out. There are also ways in which the train operator can work directly with independent agents on a local basis, and there are a couple of examples in Cornwall where the local train operator has supported the establishment of an independent agent and allowed him to become established on a simpler and cheaper basis, so we will be pursuing that opportunity as well.

Q276 Miss McIntosh: Have you worked out what the implications are though for the actual travel agents when the commission is going to be reduced by up to 20%?

Mr Austin: Yes, the arrangements I referred to in respect of the train operator working with the agents were predicated on a rather different basis, so they are supporting some of the set-up costs. I am not

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sure of the detail of the commission rates and so on that are payable, but I am pretty sure that that would be different in that context. The purpose of the strategy as a whole is to import a degree of flexibility into this process and allow you to adopt different solutions from that that applies as the national standards, and that would apply to ticketing settlement as well as everything else.

Chairman: Mr Lucas on this.

Q277 Ian Lucas: We went to Gobowen station, which is a very good example of an excellent additional service being supplied to the local community and the operator there told us that there had been a substantial reduction in the commission paid by the train operating companies, and that that would threaten the viability of what had been a very successful project. How on earth is that sort of approach going to assist local stations?

Mr Hibbs: I do not know the details of Gobowen. I am aware that there have been difficulties with some station agents and the changes in the financial payments from ATOC, but I am not familiar with the details. I am familiar with one station down in the South West where, taking into account the problems that the agent was having, they have changed the payment system and the way that the train operating company works with the agent to enable the agent to have a financially viable continuing business. As with quite a lot of things on community railways, the blanket application of a single approach, a reduction in commission to agents—which I think is probably coming partly from the general trend towards telesales and internet sales of tickets—applied in some particular circumstances may be unhelpful to the community railway. We have to find ways around that, perhaps similar to what has happened in the South West.

Q278 Chairman: I hope you have made that clear to some of the partnerships involved because it would be awful to lose a really viable service which is being maintained, frankly, by a load of volunteers, by just removing a very small percentage of the ticket.

Mr Hibbs: One example is Looe station which had not been staffed, probably for 30 years, and a voluntary organisation has now set up an agency at the station, under the aegis of Wessex Trains who bought the equipment, helped them with training and now it is run on a voluntary basis. I know that is different to Gobowen where it is a proper business as opposed to a volunteer basis, but there should be a way through given the number of passengers.

Chairman: Thank you, Mr Hibbs. Mr Donohoe.

Q279 Mr Donohoe: I am not so sure when answering Mr Lucas if you were partly talking of the grants that were available, that is the Rail Passenger Partnership grants. If you were, was it not very short-sighted to withdraw them?

Mr Austin: We were certainly very disappointed that we were not able to continue with the Rail Passenger Partnership funding. If you recall, it stemmed from a cut in the budget in December 2002 and with so much expenditure already committed we were quite

limited on the discretionary expenditure that we had, it was really project development, freight grants and the Rail Passenger Partnership funding.

Q280 Mr Donohoe: But it is madness to have withdrawn something that was pulling in so much extra money.

Mr Austin: If you have not got the money in the budget you cannot pay it.

Q281 Mr Donohoe: Who was responsible for the part of that budget being withdrawn? Was it the Government, is that what you are saying?

Mr Austin: In 2002, yes it was, it was a reduction in the agreed budget. Subsequently, with the rise in industry costs generally, it has not been possible to restore that; consequently, we have tried to reflect that in the development of this strategy which is all about making better use of the subsidy that currently goes into the railway, recognising it is very high, rather than looking for extra grants over and on top of that. We have worked through that with the partnerships and we are looking for a positive way forward to develop on that basis.

Q282 Mr Donohoe: Are you going to reintroduce these grants, is that what you are saying?

Mr Austin: No, what I am saying is that it is actually about making better use of the existing subsidy that goes through without looking for additional grant in the form of Rail Passenger Partnership funding.

Q283 Mr Donohoe: Even where the evidence is so overwhelming as to the advantages that there are with these grants, you are taking that decision, you are not going to change it. Where you have a budget of some £50,000 and are able to key in another £200,000, you do not think that is a good grant to continue with, is that what you are saying?

Mr Austin: I think it is a good grant if you have the money to spend; if you do not have the money you cannot spend it.

Q284 Mr Donohoe: I am not going to continue. How is the integration of bus and rail services going to be achieved in a deregulated bus market?

Mr Austin: As I said to Miss McIntosh, there have been a lot of examples of good practice where that is happening already on a voluntary basis.

Q285 Mr Donohoe: How is it possible to do it if you have deregulated buses? We heard earlier from the LGA that it was not possible for them to interfere, other than the fact that there was 15% it would appear they are subsidising.

Mr Austin: I think the picture is mixed around the country. There are plenty of examples where buses are running in competition with rail along certain corridors, there are plenty of other examples where buses are effectively acting as feeders to the railway, even in the sections which are the 85% that they mentioned which are deregulated. There are lots of examples of feeder services and through ticketing and, as I mentioned, the virtual branch line example.

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Clearly, we would like to see, particularly where both services are supported and subsidised, much closer integration with bus acting as a feeder to rail.

Q286 Mr Donohoe: What approaches have you made to Government to have some consideration made to change this situation in terms of the deregulated bus industry and how it affects and impinges in rural areas?

Mr Austin: I think through the development of the strategy, and I know there have been discussions between the Department of Transport and the DTI on this. I do not know the detail and I have not been involved in that, so it would be wrong to comment on that.

Q287 Mr Stringer: I was not clear when you were talking about the Government withdrawing grant whether the Government withdrew grant in an earmarked fashion and they specified where the money had to come from, or you made the choice internally within the SRA from the reduced amount of money.

Mr Austin: Yes, the Government certainly did not withdraw the grant, what they did was reduce the amount available in our budget for the subsequent two years and we had to reflect that in a reduced expenditure total. So it was our choice, but we had to take out things which were still at that stage discretionary expenditure, not committed in a franchising contract for example. The only areas that were left to us at that stage were spend on project development, spend on freight grants and spend on Rail Passenger Partnership funding, and we made reductions in all three areas.

Q288 Mrs Ellman: In your consultation paper you say you are going to tackle “standards creep”; what does that mean, which standards are you going to change?

Mr Austin: It is a phrase which has been used commonly within the industry to denote the gradual increase and extension of standards. What we are trying to do is to make them far more specific and appropriate to the nature of the lines served. In general the lines we are talking about here are low speed, often with low frequency services, relatively small numbers of passengers and, clearly, the standards applicable to those lines, as with light rail and metro systems, may be very different from those of the high speed main lines. That is the basic point we are trying to make in this, it is about the appropriate nature of the standards and specifying them accordingly.

Q289 Mrs Ellman: What about community rail schemes, is that where you are looking at reducing standards?

Mr Austin: Yes, they would form part of the specification for the lines that we are proposing to designate as community rail lines.

Q290 Mrs Ellman: Would you want to see that as a new standard or a derogation?

Mr Austin: We canvassed the possibility of that in the consultation paper, really on the basis of analogy with the standards that were developed for light rail operating on the mainline network in the Sunderland project. In that case Network Rail and the Rail Standards and Safety Board developed a number of derogations from the mainline standards, as Mr Jack described earlier on today, and at the end of the process grouped them altogether into a single derogation in relation to light rail for the trains operating on the main line. What we are saying is that something similar may be possible for community rail standards.

Q291 Mrs Ellman: You are undertaking a national survey of passengers on community rail lines, what have you found from that?

Mr Hibbs: We do not actually do a National Passenger Survey specifically on community railway lines, we do a National Passenger Survey across the whole of the mainline network.

Q292 Chairman: It would be a good idea to do it, would it not, if you have this specific responsibility?

Mr Hibbs: We set up the National Passenger Survey in order to allow comparisons between train operating companies because, if you remember, after privatisation there was no way to compare passengers’ perceptions of individual train operators, so we set up a survey that allowed that particular comparison to be made. That survey does cover community rail services, those that are likely to be designated as community rail services, so the passengers’ views are actually reported back through the train operating companies that run those services, whether it is Wales and Borders or Central Trains. We have no current plans for a specific national survey for community railways, partly because the philosophy is actually about tailoring the services on community railways to the requirements of their communities, their local passengers, so we are not sure that a national survey would pick that up, I think we would probably prefer to focus research efforts into specific needs on a specific line.

Q293 Mrs Ellman: Would those specific lines include community railways?

Mr Hibbs: Yes, they would, and what I am suggesting is that we think that it would probably be better to target any research into passengers on those lines to the specific employment of those lines; something that is of importance on the St Ives branch, for example, which carries a lot of tourists, a lot of park and ride passengers, may not be appropriate to people on the Watford to St Albans line.

Q294 Chairman: So you can assure us that you have a plan to do multi-faceted research into community railways because of their very flexibility, is that what you can assure us? I want to know—I mean, it is no good saying it might be a good idea because they will not show up in your national survey to do a survey of community rail services. All I am saying is, are you

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telling me it is our intention to—forgive me if I over-emphasise—undertake a survey of community rail projects? That is all I am asking.

Mr Hibbs: It is our intention that for each line there will be a prospectus which sets out what is intended to happen on that line. In some cases it may be sensible to back that up with passenger research; we have no intention at present to come out and commission a whole new survey for each of the lines. We do intend to carry on with the National Passenger Survey which picks up the views of passengers as part of the train operating company that operates those lines.

Q295 Mrs Ellman: But you are not ruling out having specific surveys on lines if it seems to be appropriate.

Mr Hibbs: No, definitely not, absolutely not. It would be very appropriate and we have actually been talking to at least one of the partnerships about the possibility of a survey of their particular needs up in the North East.

Q296 Mrs Ellman: So you would be amenable to doing that in areas where it seemed appropriate.

Mr Hibbs: Funding is another issue but, yes, certainly.

Q297 Mrs Ellman: What do you mean, funding is another issue?

Mr Hibbs: We have no funding specifically available for that task.

Q298 Mrs Ellman: What does this assurance mean then if you are saying you would not rule out, you might be amenable to doing it?

Mr Austin: What we can do is pull together a lot of existing research and data from the train operators and, indeed, data and survey work carried out by the local authorities, because very often you find that by pulling that together you get the picture, without having to commission additional surveys, and that is what we would aim to do.

Q299 Mrs Ellman: So in appropriate areas you would take responsibility for conducting research, is that what you are saying?

Mr Austin: Yes, we would have to do that in the way that we develop the plans individually for each route and consult on them, yes.

Q300 Mrs Ellman: What are the route utilisation surveys?

Mr Austin: The route utilisation strategies are work that we do at the moment—not my team but the Strategic Rail team—looking at the capacity and capability of the current routes and how timetables can be restructured to make the best use of that. It also covers things like minor improvements in headways, platform occupation, deployment of rolling stock and so on, it is about how you make best use of the railway that is there today without major investment. We are undertaking work on a number of those including the Brighton mainline, the Great Western mainline; in a sense the West Coast strategy was based on a route utilisation study

for the West Coast Main Line. There are lots of other routes to do, but they are likely to be taken forward by Network Rail as a result of changes announced by the Government in July in their White Paper. The work we are doing on community railways, you could see if you like as a mini RUS for each of these routes; they are route-specific, they will, at the interface of the junctions where they share capacity with the main lines, have an impact on the route utilisation studies so they will feed into it in that sense, so there is a consistency between the two approaches.

Q301 Mrs Ellman: Are you saying then that looking at community rail strategies is part of the route utilisation work, or could it be?

Mr Austin: It is not in the sense that the route utilisation strategies are looking at the heavily used, main traffic routes, where there are lots of capacity constraints. Typically, there are not capacity constraints on the lines we are looking at, but the work we are doing on our lines will feed into the route utilisation strategies, yes.

Q302 Mrs Ellman: And that would include community rail strategies?

Mr Austin: Yes.

Q303 Clive Efford: Can I just go back on the National Passenger Survey, because I am left a little bit confused—it happens quite easily but I would like you to bear with me. You said that the community railways were included in the National Rail Passenger Survey; why? What is the purpose if you were not actually learning anything from it?

Mr Hibbs: We set up the National Passenger Survey because there was a concern that we did not know how passengers felt about individual train operating companies.

Q304 Chairman: Mr Hibbs, you must be the only people in the world. Ignore that.

Mr Hibbs: When the railways were privatised there was no National Passenger Survey, there was a series of different surveys done by individual train operating companies using different methodologies which were not comparable.

Q305 Clive Efford: Forgive me for stopping you just there, but you have just said that that is not appropriate in relation to community railways, so why were they included in the National Rail Passenger Survey if they are not actually contributing anything to it, if you actually need to do a specific survey on each local service why were they included if you were not learning anything from them?

Mr Austin: The purpose of the national survey was to have a consistent basis of information right across the network, and to be able to make comparisons between train operators. What we are saying is when we come to looking at community rail partnerships, because most of the traffic is local and the whole operation is very locally focused, it makes sense to look at the demands on an individual route basis and

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to draw together the available information and look at it very specifically on a line by line basis because we do not need to make comparisons for that purpose between the various lines around the country. There will be a different solution for each community rail group because their characteristics and the markets they serve are very different.

Q306 Clive Efford: I think I am right in saying that in your initial answer you said that there were responses as part of the National Passenger Survey on local community rail routes. If there was nothing to be learnt from that, why was it done? What purpose did it serve in including them?

Mr Hibbs: The research is all about what question you are actually trying to answer; the question we were trying to answer in the National Passenger Survey is what is the perception of this train operating company, this train operating company, this train operating company on a consistent basis, so you can find out how many passengers believe the cleanliness of trains is good on Central Trains, on Wales and Borders or Great Western and compare the figures. That has to be done across all of the services that the train operators are operating and that is the basis of the survey; however, knowing the answer to that question will not necessarily help you to plan the services between Whitby and Middlesbrough or between Oxford and Bicester, that requires a very different approach to the survey.

Q307 Clive Efford: It might tell you whether there was satisfaction with, say, the age or standard of the railway stock.

Mr Hibbs: It might do, yes.

Q308 Clive Efford: So what arrangements are there for helping rural rail services to reduce overhead costs for leasing rolling stock?

Mr Austin: The lease costs are set by the ROSCOs; it is an unregulated market, so what we are interested in doing is seeing what the likely effect of that market is going to be in the short term. Because of the introduction of a lot of new trains onto the network, we know that a number of vehicles, particularly the Pacers and probably the Class 158 type vehicles, will be coming off lease over the next couple of years and we believe that that should have a downward effect on lease costs which will tend to help the community railways. The other opportunities are in the use of existing off lease locomotive-hauled stock, most of which is in reasonably good condition, it is air conditioned, it is very comfortable, both mark 2 and mark 3 vehicles. Some of it has been used over the course of the last couple of summers to supplement on routes with high seasonal demand, usually to and from seaside resorts, so there are opportunities there as well where the lease cost of the vehicles might be quite low but because they are hauled by a diesel locomotive which has to be hired in, the operating costs can be quite high; it is a balance between operating costs and lease costs. That, coupled with the general downward pressure on leases for the small DMU (diesel multiple unit) vehicles that work

local and rural rail services, we believe will help over the next two to five years, and that is what we are focusing on.

Q309 Clive Efford: That sounds to me very much like a suck it and see approach to the market. Is there anything specific that you as the SRA could do to intervene to assist the small rail networks?

Mr Austin: I do not think there is, because the market is unregulated and deliberately so.

Q310 Clive Efford: So it is basically up to the TOCs and the ROSCOs.

Mr Austin: Yes, and it is up to the sort of deals that the TOCs can negotiate in the course of their development of these routes, yes.

Q311 Clive Efford: Do you think the regime that exists in terms of access charges to these networks is fair at the moment in terms of the—

Mr Austin: Do you mean the lease costs?

Q312 Clive Efford: Lease costs and access charges.

Mr Austin: In terms of lease charges, we have looked at it on the basis of economics rather than equity. When looking at lease charges there are two key issues, one is what the book value of the vehicle is and, secondly, the heavy maintenance costs for which the ROSCOs are responsible, so those clearly have to be covered and the market will determine the price. We found just one or two examples where the market clearly is not working, and the obvious example was on the Isle of Wight where the physical constraints of the system limit the ability of the market to work, so we do have questions there over whether the vehicles, given their age, are being properly charged, but that is the exception rather than the rule.

Q313 Clive Efford: What about the TOCs themselves, do they have any bargaining power, are they strong enough to be able to force these prices down, given that they have very little as it were in terms of stock to actually barter with?

Mr Austin: There is nothing to stop them adopting a different approach if they want to and, as I mentioned, some of them have leased in vehicles and locomotives from other niche operators like Fragonset Railways, to help out with meeting peak seasonal demand. There is actually nothing to stop train operating companies owning the trains either, if they want to, but in fact they have all found it advantageous to finance them through train leasing companies, so maybe that is the answer.

Q314 Mr Stevenson: Could I very quickly press you a little further on the questions that my colleague Mr Donohoe was asking about the rail passenger partnership grant? As I understood your response, Mr Austin, to the questions of my colleague Mr Donohoe it was that you were very disappointed that this cut had to be made, but you had no option because of the overall budget and the demands of what might be called compulsory expenditure for franchises as against discretionary expenditure

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which these grants fell into. Given that there is a pre-emptory call on the resources of your Authority in terms of the contractual obligation under the franchises, is this looked at in terms of overall strategy? I will tell you why I ask that, because recent reports indicate that First Group, for example, have seen their overall profits go up by 9% in the last quarter. They increased their dividend by 10% and Mr Lockhead is reported as saying that similar dividend increases are going to be made available for the foreseeable future; in other words they are doing very well. Have you any idea how much subsidy First Group gets for their rail operations, for example?

Mr Austin: I do not. Chairman, this is going well beyond my remit on community railways because these are long distance intercity services.

Q315 Mr Stevenson: I understand that, but I want to make it clear to you. We are faced here, are we not, with cuts in the RPP which were described to us as “disappointing” and we have heard from questions by my colleagues that this is a very cost-effective grant and it is very short-sighted to pull it. I think you accept that, but you have no alternative. At the same time, the franchisees have seen their profits go up by double digits, so we are faced with a situation in the public interest where you are faced with RPP cuts—and you have no idea when they may be restored, you have that impression—and at the same time your authority is handing out subsidies to rail operators that have seen their profits go up by double digits. Do you see the point I am making?

Mr Austin: I think the sections of rail we are looking at, which are not served by main line operators like First Great Western, are very different. None of these make money, by and large they are heavy loss makers.

Q316 Mr Stevenson: I am simply focusing on your answer that it was overall budgetary pressures that forced this decision on you. I am not questioning that, I am simply looking at what strategy you are adopting as an authority to try and look at all areas whereby these very viable grants can be restored within the budget you have got as quickly as possible. It seems to be incongruous and possibly unacceptable in the public interest that we have the RPP being cut, with no real prospect of being restored, and yet there are millions and millions of pounds paid to companies like First Group in subsidy for operating their train franchises whilst they are making double digit profits. Surely there is a question to be asked here by us as a committee as to what strategy your authority is adopting in those circumstances.

Mr Austin: There are two things to say: one is that the schemes on community rail routes that typically Rail Passenger Partnership funding was used for were not those that generated lots of fare box income and therefore boosted the profits of train operators; the grant, the subsidy itself, through the partnership fund was to recognise external benefits such as reduction of traffic congestion, improved journey

times for non-rail users, so it did not come back to the industry in terms of profits, it went to society in terms of general benefits.

Q317 Mr Stevenson: I am not labouring this, but I think I have made the point and it would be interesting for us to find out, when companies are making double digit profits—and the chief executive has guaranteed the shareholders for the foreseeable future these double digit increases—that are being funded in part by the taxpayer, I wonder how your authority is then counter-facing that with cuts in these vital grants that could mean life or death for a community railway. That is the point I am making.

Mr Austin: I think the second point is that the support levels, whatever they are, are (a) contractual and (b) as a result of a competitive tendering process, so that competition for those has come beforehand.

Mr Stevenson: Thank you, Mr Austin, but it is a point I think we are going to have to pursue.

Q318 Chairman: I know, Mr Austin, that you told us basically that the cuts came across those things which we all happen to think are quite important and which have a direct effect upon rail freight grants and grants for your community railways—what was the third one? They are all of them very important.

Mr Austin: Project planning.

Q319 Chairman: All of them are absolutely essential, and you are talking to a committee that has just returned from looking at Korean Railways and Japanese Railways, which are not only hyper-efficient, everything to do with the trains, the staff, the linesides, the stations was absolutely immaculate, where trains appeared on time and where the cost of a first class equivalent from London to Crewe was £33 return. You will not be surprised that this committee may view some of the problems that have been put to us today as being really rather depressing. Indeed, we did not feel that the Japanese industries were light years ahead of us, we had the distinct feeling they were not in the same century. Do you think we ought to abandon the passenger service requirement?

Mr Austin: I think in respect of community railways the answer is probably, yes. It would be good to move away from that, it does act as a constraint on service planning at the moment and it does prevent us making best use of the rolling stock and delivering the best service for customers. What we would like to do in the context of community railways is have an agreement in relation to an overall service level for which we are paying the public subsidy in support, but to allow the individual train timetables to be developed by the partnerships with the train operating company, so they would have a degree of flexibility to develop that without any nationally imposed constraints.

Chairman: Mr Lucas?

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Q320 Ian Lucas: Just one question. I know this is outside the remit of the committee today but what happened on the West Coast Main Line on Monday?

Mr Austin: I do not know, I am sorry.

Q321 Ian Lucas: There was a major problem on the newly improved West Coast Main Line on Monday.

Mr Austin: I do not know, but I can find out and make sure you know.

Ian Lucas: I would be delighted to know.

Q322 Chairman: I want to ask you about the replacement for the existing rolling stock. You have talked about the relationship between unregulated companies who own the rolling stock and the train operating companies.

Mr Austin: Yes.

Q323 Chairman: If there is a problem for community railways it is going to be eternally finding funding that enables them to provide what is in many instances an absolute lifeline for the communities concerned. How are you going to find long term replacements for the current rolling stock that we are using on the rural lines?

Mr Austin: I think that against the comparative costs of around a £1 million for a diesel train unit and maybe an eighth of that for a bus, that puts a constraint on it. In view of that I think we are going to be mainly focusing on how we can make best use of the existing fleet including, as I mentioned earlier, the use of cascaded rolling stock from main line services to use on other services.

Q324 Chairman: You and I both know that in an unregulated market—in fact you have actually emphasised it today—that cascaded stock can still be charged at rates which would cause enormous problems for the Community Partnerships, even though most of us would believe that they ought to have been consigned to the scrapyard many years ago and even though they are still modern trains.

Mr Austin: Quite reasonably against those very high capital costs we are bound to be looking at the continued use of existing stock. It may be refurbished, it may be improved, but it will be the core of the existing stock, given that high cost base. We have looked at other possibilities including light rail vehicles and including vehicles from other parts of Europe—and there does not appear to be any significant cost benefit from looking at Talent vehicles, for example, elsewhere in Europe—and there are some interesting developments with light rail vehicles, particularly those that may be suitable for use on branch lines. Again, the basic cost of the vehicle, although it has a higher capacity, is around £1.2 million, so the costs are very high.

Q325 Chairman: Is there in fact any concerted research programme within the Strategic Rail Authority for addressing not only the future of rolling stock in relation to Community Partnerships, but also into replacement and long term assessments? Forgive me, Mr Austin, but I could

interpret what you said—I do not think it is true—as being a signal that the SRA assume that while there is cascading stock available for Community Partnerships they can continue to run, but if ultimately that cascading stock no longer does the job, then because there is no plan in place to replace the existing rolling stock we would at that point be faced with the closure of the line. That is an ultimate death watch conclusion. It does sound from what you are saying that you do not have a plan to replace the existing tatty old trains, so what happens when the tatty old trains finally fall apart?

Mr Austin: I understand the question, chairman but that is not going to happen because there will be—

Q326 Chairman: You have a constant supply of tatty old trains, is that what you are saying?

Mr Austin: There will be the next generation of multiple units. As I mentioned, there will be the Class 158 units, by which stage they will have reached their 10 or 12 year life, so there will for the foreseeable future be other sources of rolling stock that can be used quite apart from the use of locomotive-hauled stock.

Q327 Chairman: Can I ask you something else: how important to the Strategic Rail Authority do you think Community Rail Partnerships are?

Mr Austin: Hugely important. So far we have concentrated quite a lot on costs and regulatory constraints; the bit that we have not discussed in this session is the expansion of traffic and the development part of community rail development. The Community Rail Partnerships are core to that. The results where they have been established—and we have always used the Bittern line as an example with 134% increase over six years—have been hugely successful and they do show that there is latent demand for these lines—with all their faults and with all the old rolling stock—which can be released if they are promoted and marketed properly and the awareness of the railway raised within the community. That is what Community Rail Partnerships do and do very well.

Q328 Chairman: The whole of your strategy is really based on the assumption that these partnerships have to be successful.

Mr Austin: Yes, it is.

Q329 Chairman: Their funding is very unstable; how can long term stable funding be guaranteed for them?

Mr Austin: That is a real issue and a real concern because they tend to be supported through public bodies, through local authorities and others who tend to work on a one to three year funding time scale and, clearly, it would be much better if they were working on, say, a three to five year funding time scale which would give them a degree of security and ability to forward plan which they do not have at the moment. So that would be a good move. I do believe though that they need to be locally funded, I do not think this is an area where it is appropriate for Government to put in direct

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funding because it immediately loses the local impact. We have reflected that in our strategy which is to support the Association of Community Rail Partnerships, which we do, we are a core funder of them, but we do not support the individual partnerships which we do believe should be locally funded and supported.

Chairman: Mr Lucas?

Q330 Ian Lucas: Do you think it is realistic to expect local authorities, who certainly tell me locally that they are under huge pressure with their budgets as far as education, for example, and social services are concerned—do you think it is realistic to expect increased investment from local authorities in rail transport within their area?

Mr Austin: That is a slightly separate issue, if I may say so, Funding for the partnerships is usually very modest—typically it may be of the order of £10,000, £20,000, £30,000 from each participant, and that is different from investment in the railway which may be much more ambitious and much more expensive, but I think in terms of the success of the partnerships I do believe local authorities do use the investment as best they can.

Q331 Ian Lucas: Where is the investment funding going to come from?

Mr Austin: It can come from a number of sources. As I say, a lot of investment or a lot of support is going into the railway already through the subsidy payments that come through us and through the funding that Network Rail provides through the regulatory review, and that underpins a lot of the continued provision of services and the continued renewal of the infrastructure. Adding to that tends to be station development schemes, which are often stimulated by the Community Rail Partnership, using available funding and bringing in local funding to add to it, often with some commercial input where stations can be used for trading activities as well.

Q332 Chairman: Did I detect in there somewhere that the SRA will be investing additional funding in these community rail lines?

Mr Austin: The main input that we make is through the subsidy to the franchise operator who provides the service, and that can be quite substantial.

Q333 Ian Lucas: The frustration I have, Mr Austin, is that I am thinking of my own local area where I could see investment bringing dividends to local rail services, but identifying where that investment is going to come from is very, very difficult indeed.

Mr Austin: Yes, in your particular local area there is the added benefit of having the support of Welsh Assembly Government who have put a lot of money into, for example, providing the customer information system at Wrexham and some of the developments on Borderlands Railway as well.

Ian Lucas: That is because of the insistence of their local Member of Parliament.

Chairman: We had assumed that, absolutely. Mr Austin, I think this Committee is fully persuaded of your total commitment to community railway services and, indeed, I am not sure that your bosses fully appreciate the standard of professionalism that you bring to this service. We will, however, I think, want to mull quite deeply on some of the points that you raise, because there is no doubt that if the Community Rail Partnerships are going to be successful they are going to need proper funding and they are going to need proper commitment and support. Frankly, although I understand what you say, that it is only if you get local investment that you can assume this is going to be fully supported, I would point out to you that if the money comes from the ratepayer or the taxpayer, it still comes ultimately out of the same pockets. I know you know that and I know your bosses know that; I hope perhaps we can clarify some of the problems that we seem to be facing in a way that they will understand. Thank you very much for giving evidence to us.

Wednesday 15 December 2004

Members present:

Mrs Gwyneth Dunwoody, in the Chair

Mr Brian H Donohoe
Mrs Louise Ellman

Miss Anne McIntosh
Mr Graham Stringer

Witnesses: Mr Vincent Smith, Director of Competition Enforcement, and *Mr Nooman Haque*, Principal Case Officer, Office of Fair Trading, examined.

Chairman: A little bit of housekeeping first, if you will forgive us, gentlemen. Members having an interest to declare:

Mr Stringer: Member of AMICUS, Director of Centre for Local Economic Strategies.

Chairman: Gwyneth Dunwoody, Aslef.

Mr Donohoe: Brian Donohoe, Member of the Transport and General Workers' Union.

Mrs Ellman: Member of the Transport and General Workers'.

Miss McIntosh: I used to have an interest in Railtrack and I am currently doing a placement with the Industry and Parliament Trust for Network Rail. I have interests in Eurotunnel and First Group.

Q334 Chairman: Good afternoon to you, gentlemen. You are most warmly welcome here. I am sorry it has taken us a little time to get going; it is actually all very clever psychological warfare. Would you be kind enough to identify yourselves for the record?

Mr Smith: Yes, I am Vincent Smith and I am Director of Competition Enforcement at the Office of Fair Trading. I am here with my colleague, Nooman Haque, who is the Principal Case Officer from the Transport Section.

Q335 Chairman: Thank you very much. Did you have something that you wanted to say to us, or are you prepared to go straight to questions?

Mr Smith: If I may, briefly, to begin with, Madam Chairman. You asked, through the Clerk, how we saw our role in relation to public transport. Can I just say that we see our role as making sure that, in an unregulated environment particularly, competition delivers benefits, for passengers in particular. You will recall, Madam Chairman, that our two main statutes are now the Competition Act and the Enterprise Act. Under the Competition Act, I would like to remind you that we share competition enforcement competence with the Office of the Rail Regulator and, primarily, in relation to purely rail matters, it is the Rail Regulator that takes the lead. As you will remember, the Competition Act has a prohibition plus exemption system under it, so even though agreements may appear restrictive they will be allowed where they deliver greater countervailing benefits for the passengers, actually or potentially, or consumers. So operators can make sure their agreements are exempt under this balancing test by coming either within a safe harbour or by self-assessment. These safe harbours we call block exemptions—it is a term borrowed from European Community Law and they are made in the UK by

the Secretary of State on the Office of Fair Trading's recommendation. There is one, as you know, currently for transport ticketing schemes. We are proposing a change to that and we hope to consult on our proposed changes early in the New Year. In particular, we will be doing two things: first of all, we will be seeking to make the revenue sharing arrangements that we think do not fall foul of competition law more flexible—so, broadening the range of revenue sharing arrangements that are permitted. We will also ensure that the block exemption continues to cover a wide range of through-ticketing schemes. So all through-ticketing schemes, in principle, which fall within the revenue-sharing arrangements that we outlined should be outside the scope of competition law. I hope that helps the Committee understand where we are coming from and why.

Q336 Chairman: I think, Mr Smith, we want to question you a bit on the detail. Just in order to be quite clear in my own mind, what you really are saying is that there is actually a public interest defence.

Mr Smith: What we look at is what we call the consumer benefit. I accept that the consumer here may be a wide number of people; it is not just the people who already travel on public transport, it may be people who want to travel on public transport, it may be people who are affected by public transport in some way. We need to look to ensure there is an economic benefit that is quantifiable and directly results from the agreements that are being concluded between operators. Beyond that we take a broad view.

Q337 Chairman: I hope you both take economic benefit as being the definition of "take a broad view" because, frankly, how I define public interest (which is really my interpretation of what you are saying) is that there will be occasions when the economic benefit to the customer is the least of the advantages. For instance, with through ticketing you could say that ease, convenience, speed of movement—all of those things—are nearly as important (or certainly, I would say, as important) as the economic benefit.

Mr Smith: Certainly the benefit to the passenger from ease and convenience is part of the quality of service which they get from public transport. That we can take into account.

Q338 Chairman: The other thing that I really was concerned about was this suggestion that because you are changing these matters and you are going to consult, presumably you are hoping to get a very wide representation of the parties, are you?

Mr Smith: We hope so. We would welcome the views of the Committee.

Q339 Chairman: You did not respond when the SRA sent out a consultation document on community railways. Why was that?

Mr Smith: Mainly because we saw it, primarily, as a matter for the Office of the Rail Regulator. It is more or less purely a rail issue, and they, of course, as I said, share our competition enforcement powers in the rail sector and we felt that their response to the SRA's consultation should be sufficient.

Q340 Chairman: You made it clear, did you, that it was a question of "That's their patch, not mine"?

Mr Smith: I accept that we did not actually make that clear to the SRA.

Q341 Mr Stringer: Can I go back to your opening statement? I was not sure, when you were talking about safe harbours and block exemptions, whether they exist now.

Mr Smith: The ticketing block exemption currently exists; it lasts until 2006. Therefore, we need to work now to make sure there is something in its place by the time it expires to ensure certainty for operators going forward. We intend to consult in the early part of next year on an extension of the exemption.

Q342 Mr Stringer: How many applications for the block exemption have been accepted and how many have been rejected?

Mr Smith: People do not need to apply for the benefit of a block exemption, it applies to you: it is a piece of delegated legislation, and it says that as long as your agreements fall within the terms of that piece of delegated legislation then competition law, effectively, does not apply to your agreement.

Q343 Mr Stringer: Have you investigated any of those to see whether the compliance is there or not?

Mr Haque: We have given advice this year on 40 various types of integrated ticketing scheme. Most of those, on our analysis, would comply with the terms of the block exemption. On, I think, two occasions that I can recall we have suggested minor modifications to the scheme, which the parties in principle seem to have accepted. Obviously, it is up to the wider parties and operators to implement those.

Q344 Mr Stringer: You also said in your evidence that the competition issue delivers consumer benefit. What criteria do you use to see if it is actually delivering consumer benefit?

Mr Smith: Sometimes we ask consumers—that is not uncommon. We normally use economic theory. We check whether the criteria in Section 9 of the Competition Act are met. So we have to ensure there is some actual theoretical benefit. We then look to

make sure that operators are not taking the benefit for themselves—ie that a fair share of whatever extra savings are made on the costs of the service or the efficiency of the service is passed on properly to consumers.

Q345 Mr Stringer: Why, when I write to you, though, with complaints about the fare-paying passengers of First Group in North Manchester, do you tell me that these are irrelevant and there has to be direct evidence of collusion between the different operators in Greater Manchester—when the evidence is there from the consumers that they are getting a worse service from Stagecoach in South Manchester?

Mr Smith: The Act, you will recall, applies to agreements, so we have to prove an agreement between the operators colluding together.

Q346 Mr Stringer: That is why I was confused by what you said to start with and what you have said just now, because you said you had to look at consumer benefit. I was wondering how you measure that when, clearly, fares are higher and consumers are complaining and you ignore it.

Mr Smith: We have to have a nexus on which to hang our action, and the nexus in the statute is that there is an agreement between operators to collude together.

Q347 Mr Stringer: So consumers can go and hang if you cannot find a piece of paper that says "We are breaking the law"?

Mr Smith: We would not go so far as to need a piece of paper but we do need some evidence of them having talked to each other in a way which would set prices or might affect prices.

Q348 Mr Stringer: So the fact that bus companies operating in the same conurbation do not compete is not evidence?

Mr Smith: It may be in certain circumstances, but I think we need more than that simple fact to take action.

Q349 Mr Stringer: What do you say to Richard Bowker's comment that the OFT has mounted costly, time-consuming inquiries into rail franchises, which have yielded minuscule recommendations?

Mr Smith: The current Railways Act requires us to look at refranchising as if it were a merger situation. Therefore, we actually need to look at each refranchise on that basis. Most of them we do not find any difficulty with, it is only where there may be an overlap between railway services being refranchised and other forms of transport that we tend to take a closer look.

Q350 Mr Stringer: I think Mr Bowker was referring to National Express in East Anglia. He said that it cost the train operators and the railway industry half a million pounds. Do you think that is reasonable?

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Mr Smith: I have no idea whether it did cost that much. If it did then I think it is probably rather high for the amount of the franchise awarded, but that is the general cost of a competition law investigation.

Q351 Mr Stringer: Can you give me some background into how much of your organisation is devoted to transport competition?

Mr Haque: We are one of the four industry sector divisions in the OFT devoted to services.

Q352 Mr Stringer: I am sorry, I missed that.

Mr Haque: There are four industry sector branches within the OFT: transport and other services sit within one branch—my branch—and land transport is approximately about a quarter of that team.

Mr Smith: So that would be, approximately, six people.

Mr Stringer: Thank you.

Q353 Mrs Ellman: When is through ticketing allowed under competition law?

Mr Smith: Most of the time, I would say, provided that the ticket is actually a genuine through-ticket—ie it enables you to add together different components of a public transport journey to get you from where you are to where you want to be. I think, generally, we would not see a problem with that.

Mr Haque: The other thing to add, I would say, is that one of the key considerations has to be that the two routes which are being joined by the through ticket do not significantly overlap—ie they are not effectively routes in competition with each other, in which case through ticketing cannot be used. So it is for routes that are, more or less, separate; for a connecting service from A to B to C, for example, a through ticket can be used.

Q354 Mrs Ellman: Do operators have to seek approval first?

Mr Smith: For their schemes? As I was saying to Mr Stringer, the answer to that is no; provided that their arrangements fall within the terms of the block exemption statutory instrument then they are not at fault. This applies automatically; there is no need for people even to come to us if they are content that that is the case.

Q355 Mrs Ellman: Do you think there is a full understanding of the rules and regulations that you enforce?

Mr Smith: I would hesitate to say there is full understanding amongst, particularly, the bus community. Particularly where there is an interface between the largely unregulated bus industry and the rather more regulated train industry that can cause difficulties and misperception, I suppose, between what is allowed on the railway and what is allowed in the bus sector. That does cause difficulties in explanation to the bus industry, particularly.

Q356 Mrs Ellman: What are the major misconceptions?

Mr Smith: Anecdotally, although we do not generally get much direct evidence of this, people say that we are against integrated transport and that we actually try and block through ticketing schemes on competition grounds. I can assure you that is not the case.

Q357 Chairman: That is the generally held view, though, is it not, Mr Smith? Why would this view be so generally held throughout the transport industry when most of the people would actually benefit from through ticketing? Why are they so convinced that you are against it?

Mr Haque: I think one of the reasons that I have discovered—again, I have no hard evidence of this but it is anecdotal—is that on some occasions the interests of the Passenger Transport Executives and the interests of commercial operators, private operators, do not always coincide. Quite often the PTEs—

Q358 Chairman: No. One is meant to make a profit and the other one is meant to provide a service; almost by definition they are going to collide.

Mr Smith: It would be false to assume that private bus companies do not intend to provide a service.

Q359 Chairman: No, but their legal duty is to return a profit, is it not?

Mr Smith: It is, Madam Chairman.

Q360 Chairman: Therefore, it is unwise for us to confuse the legal responsibility to produce a profit with the duty of the Passenger Transport Executives which is to provide an integrated and efficient form of transport. They are fundamentally different jobs, are they not? They may run parallel but they are different.

Mr Smith: Can I disagree with you there, Madam Chairman? After all, the Passenger Transport Executives are supposed to run an efficient service as well; they tender out their services, so they do have an interest in making sure what they buy is competitively priced.

Q361 Chairman: But that is not the same thing, is it? When I buy things, Mr Smith, I want value for money. That does not mean to say that I expect the deal to automatically make a profit. When, on the other hand, I am running something as a commercial undertaking then I expect it to make a profit. The two things are different, are they not?

Mr Smith: I think it depends on when the competition arises. If you are looking at a Passenger Transport Executive that is inviting bids to run a bus network in its area it needs a number of bidders at that point in order to get an efficient service at the lowest possible price. That is a competitive process; that is competition. Then there is the question of “Well, once the service has been tendered you need to make sure that the person who has been successful complies with the terms of the contract”, and that is a regulatory function. If there is no regulation of that

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nature then competition is the only means of making sure that quality standards are maintained and/or prices—

Q362 Chairman: No, it is not the only means; it is a means. What is important is that the original contract should encompass a set of standards that the operator has to comply with.

Mr Smith: I was drawing a contrast between those kinds of services which are subject to tender and, therefore, subsequently, subject to service quality standards, and those that are entirely unregulated and, therefore, where competition is the only means of making sure that services are maintained and that prices are kept at a reasonable level.

Chairman: I am sorry, I interrupted Mrs Ellman.

Q363 Mrs Ellman: You said that there is confusion in what you described as the “bus community”. If there is confusion whose responsibility is it to put that right?

Mr Haque: The Office has a general policy of going out and speaking to industry and to consumer groups whenever possible to explain competition law. In the transport team, where I sit, we make particular efforts to go and talk to interested parties, which would be operators, PTEs and local authorities and we, obviously, as I said earlier, give informal advice and attend conferences and seminars and maintain a completely open-door policy in respect of any interested party in this sector, in particular.

Q364 Mrs Ellman: You have told us that you are going to consult on some changes. How do you intend to identify those changes?

Mr Smith: We do a standard consultation. When we consulted on a not dissimilar subject two years or so ago we did so through a standard consultation list, which has, from memory, about 500 operators’ names on it of various sizes and geographical locations.

Q365 Mrs Ellman: You have not chosen those areas because there is a problem?

Mr Smith: No, we would consult widely and invite a range of views on the operation of the block exemption going forward to make sure that if there are any problems we get to hear about them and can adapt the proposal accordingly.

Q366 Mrs Ellman: In general terms, do you try to identify the areas where there are difficulties? In terms of running services.

Mr Haque: In general terms, through our process of talking with industry, particularly talking to interested parties, we gather views. Obviously, one of the things that led up to the change in exemption was this very strong industry view that revenue-sharing arrangements and block exemptions as they stand are far too restrictive. We have no hard evidence other than constant representations made by industry. However, we complemented that with our own analysis and our own thinking about how we could possibly change the requirements for

revenue sharing. So I would say, in answer to your question, I think it is both internally driven as well as taken from representations from the outside world.

Q367 Mr Donohoe: Can I take you back to this through ticket situation, where you say that it would be anti-competition if, in fact, you know that it was not A to B and B to C but the train was running from A to C and the bus was running from B to C? That would not be allowed under competition law? Is that what you are saying?

Mr Smith: The difficulty we have where there may be overlapping services is that if two services—part of the railway service and some bus services—are jointly owned there is clearly a large incentive on the joint owner to try and squeeze out competition in the bus leg. When we were looking at the North Wales refranchising, for example, there were strong representations to us then that if Arriva were awarded the franchise it would have a big incentive to squeeze out rival operators who, at that time, operated connecting bus services to the various railheads on the North Wales coast. They were concerned that if Arriva were awarded that franchise they would do that. Arriva actually offered a promise that they would allow competing bus operators to continue to operate on the same terms as Arriva’s own connecting bus service, so a non-discrimination clause. That is the kind of thing that we are aware of, as it were: people owning two legs of a journey and squeezing out competition in one leg where there could be competition.

Q368 Mr Donohoe: If I may just explore this a bit. I will not mention any particular company, but, say, company A owns both the railway and the bus locally. Is that healthy competition or is that something you would have something to say about? Operating on exactly the same line, if you are taking A, B and C as a straight line with B in the middle of that and it is the same company that is operating the buses and operating the rail from these towns, is that something you would have something to say about and stop?

Mr Smith: We would if we found that that company had been trying to exclude competitors—and I would assume the bus leg is an unregulated one and not subject to local authority tender. If that were the case we would have concerns if we found evidence of the train company trying to exclude connecting bus services to the benefit of its own connecting bus service, yes.

Q369 Mr Donohoe: If the company that had got the franchise for the railways, and it was at that point operating the buses, all of a sudden started to take its traffic from the railway and move it over to its bus operation, would you have something to say about that?

Mr Smith: Yes, we could do. You will recall this was a concern with the Scot Rail refranchising case upon which the Competition Commission has just reported. They found that First Group, which has been awarded the franchise, as you know, have such an incentive in certain parts of the network there

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between Glasgow and Edinburgh, and they have taken undertakings from First Group to make sure that bus and train services are maintained at the same prices they are now and at the same service.

Q370 Mr Donohoe: Would that be mirrored in any other part of that particular franchise? Or may there be parts of the country where there was a similar situation?

Mr Smith: Two different propositions. Yes, they would be mirrored in any other part of the franchise where there was a similar proposition because that is the undertaking that First Group gave to the Competition Commission, which is a legally binding promise. We would need to look carefully on a case-by-case basis if that were to happen in other parts of the country. It is actually quite a difficult analysis to undertake and we do not want to go around forcing people to maintain services unnecessarily.

Q371 Mr Donohoe: Who brings that sort of situation to your attention? Has it got to be a member of the public?

Mr Smith: It can be more or less anybody. We get a lot of complaints from MPs, for example.

Q372 Mr Donohoe: Can I just take you back to one of the points you made in your initial statement where you talked about those who are affected by the transport situation; it could well be that they are passengers but they could also be future passengers—or anybody else, for that matter. Who would be the “anybody else”?

Mr Smith: If there were clear benefits, for example, in reducing congestion in an inner city area from having a particular agreement between bus operators, and if that could be convincingly shown, I think we would take that into account—ie that there is an economic benefit to the public in general. It would have to be an economic benefit, so if the road use within the city centre would be easier there would be economic benefits flowing from that. I think we would look at that provided there was a clear benefit which could be shown.

Q373 Mr Donohoe: Can I take you, then, into the more urban areas where there are possibilities of co-ordination between bus and train timetables? Would that be something that you would deem possibly being in breach of the Competition Act?

Mr Smith: It is possible that co-ordination of timetables might be in breach of the Competition Act. It depends a bit on why it is done. One can imagine a situation where there are two large bus operators and a new entrant bus operator who wants to come in and operate as a competing service, which might be either more frequent or cheaper, or something like that. If there is a co-ordinated timetable between the two large operators it would be quite easy for them to exclude the new entrant on that basis. So I think we would have some difficulty with that kind of scenario. Following the Director General’s previous appearance before this Committee, we did some research to find out whether competition law was seen as an impediment

to co-ordinated timetables. I think we found that the answer to that question, generally speaking—and we had several hundred responses to that—was no, people did not feel that that was a problem; that problems with timetable co-ordination in an unregulated environment are likely to happen in any event.

Q374 Mr Stringer: Who were the people you asked?

Mr Haque: We sent a questionnaire to every bus operator operating in the country, large and small, every PTE and, also, a number of representative groups as well, from the passenger and industry side as well.

Q375 Mr Donohoe: If I am a travelling member of the public I can see advantages in some of that co-ordination, which might well be against what you would deem as competition. I would argue it is not, in these circumstances, in the interests of the passenger.

Mr Smith: If co-ordination could be shown in individual cases to be clearly in the interests of the generality of passengers then we might take the view that, in those particular circumstances, that could be left. Again, I come back to the densely populated area where it might be more appropriate to co-ordinate timetables in a small city centre.

Mr Donohoe: So you apply a public interest test to this, do you, at all times?

Q376 Chairman: I think it is quite clear that they do not apply a public interest test. You were told earlier on—and Mr Smith will correct me if I am wrong—that the definition is the economic benefit to the passenger. That was what you mentioned. That is not a public interest definition.

Mr Smith: Not a full public interest definition.

Q377 Mr Donohoe: Do you think that is sensible?

Mr Smith: I genuinely do not have a view. I think it very much depends on where we are looking. As you know, of course, the arrangements in London in relation to the bus service are very different; it was felt that was necessary because with that number of people living in such a small area there needed to be more central control.

Mr Donohoe: You are making that point. Therefore, in that circumstance, it would suggest that there needs to be a change to competition law as it exists.

Q378 Chairman: Mr Smith, you know that the reason that the Conservative Government excluded London was because most of them were concerned they could not drive their cars in London, and they did not take buses outside London so they were quite happy that the arrangement was done on a different basis.

Mr Smith: I have no comment—

Q379 Chairman: No, but you are interpreting this in a very particular way. Are you saying that if the Government wanted to change the law so that the

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whole bus industry had the same arrangements on franchising that they have in London that would not give you a problem? Is that what you are saying?

Mr Smith: I think that if that was what the Government wanted—

Q380 Chairman: No, no, no. I have a problem, you see, Mr Smith; I really do have a problem, and I think we all have this. You say there is a difficulty with through-ticketing because of these extraordinarily called block exemptions. Then you say, “The industry does not have a problem with that; they know all about it.” Well, frankly, that is not the evidence that we have been given in this Committee; it is extraordinarily difficult to reconcile what you say you have been told with what we have been told. Somewhere along the line somebody is telling porky pies. If you are really saying to me that the only way to get a real public interest test is to change the method of franchising, then I think it would be better if you said so.

Mr Smith: If you felt, Madam Chairman, that the full public interest test was required, that would need a change of law.

Q381 Mr Donohoe: Surely you can be proactive on occasion. You can see that this is obviously against public interest and, as such, you recommend to whoever it is among your superiors that, in your opinion, there requires to be a change to apply common sense to the equation. Should you not have it within your abilities to be able to do that sort of thing? You cannot hide behind this bureaucracy of saying, “I have no opinion on that”; you have an opinion—or you should have an opinion—and you should be able to make some comment around that.

Mr Smith: I think, at the moment, as the law is framed, we are applying the tests that we are required to apply as reasonably as we can to a wide variety of situations. If it is felt that that does not give rise to the best set of benefits for the travelling public then it would be appropriate to look at the legislation again.

Q382 Mr Donohoe: Would you, as the Office of Fair Trading, at any stage say: “This is not working; it is not feasible, it is not something that is practical and it is against public interest, and we are saying to you, Government, we recommend that you look at this to change this law; the competition law does not cover this in a sense that is sensible”? Surely, you could make that recommendation.

Mr Smith: We can make those recommendations.

Q383 Mr Donohoe: You are not at that stage, then?

Mr Smith: We are not at that stage, at the moment, because of the lack of evidence that we have ourselves that there are serious problems across the country.

Q384 Mr Stringer: I want to follow that up. You are in a circular argument, are you not, Mr Smith? You told me that you cannot investigate higher bus fares because you need some sort of evidence that there is

a cartel operating. Would it not be a good idea if you could use the evidence of higher bus fares to show that competition was not working?

Mr Smith: We can do, as I said to you, Mr Stringer, earlier, but on its own I do not think it is sufficient.

Q385 Mr Stringer: How do you define “economic benefit”?

Mr Smith: We define “economic benefit” as a better service, or a more reasonable price to passengers overall, possibly.

Q386 Mr Stringer: I understand price. What, beyond the price of a bus ticket or a train ticket, do you use?

Mr Smith: We could use frequency of service.

Q387 Mr Stringer: Not what could you use, what do you use?

Mr Smith: We use frequency of service; we use extent of timetable—ie whether there are late or early-morning services.

Q388 Mr Stringer: So you calculate the economic benefit or disbenefit if somebody has to wait an hour-and-a-half?

Mr Haque: We consider a wide range of economic benefits which would include quality of the service provided, for example. In the bus context, if agreements between operators are necessary to provide a safe and reliable service then that is something that could be allowed. So those sorts of benefits can be considered under competition law.

Q389 Mr Stringer: Do you consider them?

Mr Haque: Yes, we do.

Q390 Mr Stringer: In what percentage of cases do you go beyond the simple price?

Mr Haque: I think in all informed advice that we have looked at this year the 40 that I talked about, that concerned potential agreements or ticketing arrangements. So we do go beyond price in all of them.

Q391 Mr Stringer: I am not up-to-date on this but I know last time I looked at the figures the only case you really prosecuted a bus company for anti-competitive behaviour was First Cymru. How many bus companies have you prosecuted successfully for anti-competitive behaviour?

Mr Smith: I would have to write to you. I do not have the figure off the top of my head.

Q392 Mr Donohoe: Is it more than one?

Mr Smith: It is certainly more than one but I would not say it was more than five.¹

¹ *Note by witness:* The Office has made infringement decisions against two bus companies for a cartel based in Leeds, Case CP/1163-00. In addition, the OFT undertook formal investigations of complaints against three companies in 2004.

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Q393 Mr Stringer: Does it strike you as strange that you have evidence that bus companies in similar situations are providing very different services and you are prosecuting less than one a year successfully?

Mr Smith: We can only bring cases, as I said to you, on the basis of the evidence that is put to us or that we find. We need a fairly strong body of evidence before we can proceed against people, so it is very much dependent on people coming forward to us with their concerns but with hard evidence to back them up. That is quite difficult to obtain.

Q394 Mr Stringer: This brings you back to Mr Donohoe's question and the Chairman's question. Would you like more powers to enable you to investigate anti-competitive behaviour further? If you do, what would those powers be?

Mr Smith: I do not think we need more powers; I think we need to be a little bit more savvy about how we use the ones we have got. The regime is still relatively young and we are still feeling our way somewhat. As I said earlier to the Chairman, this interface between the non-regulated and the regulated transport sector is a particularly difficult one and is still an evolving story.

Q395 Mr Stringer: When you are considering competition, do you see the car as part of the competition scenario?

Mr Smith: When we are looking at public transport we generally tend not to regard the private car as a substitute for public transport, if only because not everyone has access to one.

Q396 Mr Stringer: Is that not rather strange when the Government's policy is to encourage people to move from the car to public transport and the Government sees the main competitor to buses, trains and trams as the car?

Mr Smith: I think we would look at the car-owning public, or car drivers, as potential customers on public transport in some circumstances, but I do not think we would say that that ability of car drivers to take public transport is sufficient to mean that the car is a competitive force for many kinds of public transport, particularly in urban areas.

Q397 Mr Stringer: Outside London that just is not what actually happens. Are you dealing with a very theoretical model when the reality for most people is there is a real competition between a car and good quality public transport? That is what most of the evidence shows in shire areas and most urban areas in this country. If you have got good public transport people move to public transport. If you reduce the quality of public transport people move to the car. That is the real competition, is it not, and it is not part of your model?

Mr Haque: I would say that the way we approach our work is on a case-by-case basis, so the facts of the case would be quite different from case A to B. It may well be that in investigating a transport case in such an area we may well conclude that the car and bus are substitutable with each other than they are in an urban area.

Q398 Mr Stringer: That is a very theoretical answer. I would contend—and I would be interested if you disagreed with this—that car and bus are in competition where there are buses everywhere in this country except London.

Mr Smith: I think I would disagree with that but I would not suggest that you were wrong overall. I think it very much depends on where we are looking and what the journey is that the passenger wants to make.

Q399 Miss McIntosh: I should declare another interest; that I spent five months in the Competition Directorate of the European Commission, dealing with joint ventures. I am familiar with the expression “block exemption” but I do not know if I understand it any better than anybody else. Can I ask you what the level of through ticketing is in other European countries? Is it higher or lower than through ticketing in this country?

Mr Haque: I have no firm answer to that, I am afraid. We can find out for you.²

Q400 Miss McIntosh: My guess is it is probably higher but they seem to do something right in encouraging it. How many timetable changes would you expect in a year?

Mr Smith: Again, that I think is not something I have at the end of my fingertips; it may very well be that we would have to get the information from the Traffic Commissioners.³

Q401 Miss McIntosh: When you look at pricing, especially travelcards, do you look at what the revenue anticipated from travelcards will be?

Mr Smith: I am sorry, this is in relation to whether or not we think the travelcards comply with the block exemption?

Q402 Miss McIntosh: Yes, whether they fall within the competition—

Mr Smith: As I said earlier, we are looking to be more flexible with the variety of revenue-sharing options that we will allow under the block exemption. At the moment we do it solely on a passenger-mile basis, but we have had strong representations that that is too onerous a requirement for small bus companies so we are

² *Note by witness:* Actual statistics are not recorded by the relevant authorities, and we have not undertaken a formal analysis in the time available, but we are informed that for rail travel, the level of through-ticketing is comparable to the UK. Within each individual Member State, the availability of cross-modal through-ticketing (eg bus and rail through tickets) varies widely though in major cities and the surrounding commuter area it is also quite high.

³ *Note by witness:* We do not have figures for 2004 but according to the Traffic Commissioners' Annual Reports 2002–03, there were 23,377 existing “live” bus services; 4,537 new registrations were accepted and 3,420 existing registrations were cancelled. In addition there were 10,247 variations to existing services in the same year of which 10,155 were accepted. This relatively high number of changes must be seen in the context that rail timetables are changed twice yearly and many bus services are also likely to change in response, and bus companies often offer different services over prolonged holiday periods (eg summer holidays).

planning to replace it with something more general which says you can use anything you like provided you can be clear it does not actually distort competition

Miss McIntosh: I am looking, Chairman, at the report we published in, I think, 2001—the previous Select Committee.

Chairman: I am sure Mr Smith's superiors remember it.

Miss McIntosh: It is just that at the time there did seem to be a slow uptake of the block exemption. In fact, it was concluded that some existing travelcard schemes had been withdrawn because of the concerns about the Competition Act. You have been fairly critical in your comments of the way the Competition Act is working. Do you believe that this calls for a review and an amendment of the Competition Act?

Q403 Chairman: Can I add a rider to that? Has the Enterprise Act made any difference to the way that you operate?

Mr Smith: Can I take these two questions separately, Madam Chairman, because they are slightly different? In relation to the travelcard point, we are looking at the block exemption and we might recommend extending it so that we can actually get most travelcard options within the scope of the block exemption. Again, this is something that is subject to consultation as, clearly, the revenue-sharing arrangements may be the subject of some contention, particularly as between bus operators.

Q404 Miss McIntosh: You have had three years to look at this, though. Why has it not been done? Not you personally, but the OFT have had three years to look at this, presumably.

Mr Smith: The block exemption was made in 2002.

Q405 Miss McIntosh: Two years then.

Mr Smith: As I say, we have been working with block exemptions for that period and we have been collecting evidence on how it is working during that period. This is one of the main complaints, I suppose, we have had about it. I am sorry, Madam Chairman, I did not answer your question: how has the Enterprise Act changed what we do? I think in two ways: one is to do with the merger issue, which I alluded to earlier in relation to railway franchising. We are now decisional as distinct from making recommendations to ministers as to whether or not the merger and, therefore, the refranchising situation should be referred to the Competition Commission.

Q406 Chairman: So if, for example, by some mischance, Virgin got the East Coast Mainline you would look at that?

Mr Smith: That is currently under consideration, Madam Chairman. I did write to the Clerk to point this out. It is a sensitive issue, at this precise moment.

Q407 Chairman: I just want to make sure that you would, in fact, look at it.

Mr Smith: We are indeed looking at it, Madam Chairman.

Q408 Miss McIntosh: Can you give us an indication of when you think you might have taken a decision on what travelcards will come within the block exemption?

Mr Smith: As I said, we are hoping to consult on our recommendation to the Minister in the early part of next year.

Q409 Miss McIntosh: So the bus companies—

Mr Smith: Will be able to comment on that.

Q410 Miss McIntosh: You would accept that if travelcards, pre-paid tickets and electronic smart cards help reduce boarding times and speed up journeys that would be—

Mr Smith: That could be a benefit that we might want to take into account.

Q411 Miss McIntosh: It is up to them to tell you?

Mr Smith: Yes.

Q412 Miss McIntosh: You said at the outset that you have a shared competency with the Office of Rail Regulator as regards railway competition, but that the ORR takes a lead. Could you tell the Committee exactly what relationship you have with the ORR and how it interplays? Presumably, on block exemptions you are the ultimate word.

Mr Smith: We are the body that makes the recommendation to the Secretary of State but, clearly, given the ORR's sectoral expertise in this area, we take a very great deal of notice of what they have to say, particularly in relation to through-ticketing arrangements for the railway. So it is not a question of us ignoring what they say—it would be foolish of us to do so. There is also, on a case-by-case basis, a working party which meets to consider who is best placed to consider the cases where there is an overlap between rail and other sectors and we do consider them on a case-by-case basis at the beginning of the case to see who is best placed to take a case.

Q413 Miss McIntosh: Just to recap, the consultation will be in the early part of next year and it will take two or three months?

Mr Smith: I expect it will be a standard, three-month consultation period.

Q414 Chairman: Will the public be able to write in?

Mr Smith: Yes.

Q415 Miss McIntosh: Outside formal consultation periods, do you encourage bus companies and operators to come and speak to you?

Mr Haque: Yes, we do. We already have done, in a sense, as well. We have the recommendations and we talk to bus operators and regulators about them informally as well as to how acceptable they will be and whether they meet the needs or we need to change them.

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Q416 Mr Donohoe: I know the question of the West Coast Mainline and the East Coast Mainline is sensitive and you have written to the Clerk—and I am not dwelling on that aspect of it—but when you are involved in such an inquiry do you take into account the alternatives like cars—or ‘planes for that matter?

Mr Smith: Yes, we do.

Miss McIntosh: Just one last question: Wensleydale Railway have a through-ticketing arrangement with Arriva on their buses. Can you say why that is allowed?

Q417 Chairman: Mr Nooman Haque, do you know why Wensleydale escaped? Did they bribe you with cheese?

Mr Haque: From what I understand of the scheme, Madam Chairman, the Arriva bus service connects Northallerton to the beginning of the railway journey, so that is the most basic through-ticketing scheme that you can imagine where the two journeys do not overlap at all. So there is no problem there.

Chairman: Gentlemen, you have been most understanding. I apologise for making you wait at the beginning. That is very rare. Anyway, thank you very much.

Witness: **Mr Tony McNulty**, a Member of the House, Minister of State, Department for Transport, examined.

Q418 Chairman: Good afternoon, Minister, you are most warmly welcome. Thank you for coming to see us this afternoon. Once you have got your breath back, would you be kind enough to tell us not only who you are but whatever else you have in mind to tell us?

Mr McNulty: Tony McNulty, Minister of State at the Department for Transport. I do not have any opening statement. All I would like to do is thank the Committee for rescheduling me and then re-timing me today so I could fit an adjournment debate in. I am very grateful for that.

Q419 Chairman: As you understand, Minister, we are always delighted to see you; it does not worry us if you are occasionally overcome with shyness and need to reorganise your timetable. I take it you do not mind if we start the questioning?

Mr McNulty: Absolutely not.

Q420 Chairman: The Community Rail Strategy was published by the SRA. Whose strategy is it—yours or theirs?

Mr McNulty: It is, essentially, an SRA document that is fully endorsed by the Government.

Q421 Chairman: Yes, but I think we need a little more precision than that. They, presumably, wrote it. Yes?

Mr McNulty: They wrote it. As I understand it, they consulted widely within the process of drawing the document up. They are currently charged with all that is strategic in terms of our control in terms of looking after the rail network. You will know that is changing during the course of the Railways Bill we are putting through the House at the moment. They discharge those strategic functions on behalf of the Department for Transport and we readily endorse the strategy.

Q422 Chairman: Do you foresee any difficulty when the Strategic Rail Authority ceases to exist?

Mr McNulty: When we published the Railways Bill—and alongside it there are many things that happen in a non-legislative capacity as well as the legislation—our first thoughts were on the overall

structure of what the new DfT rail unit will look like, but at a very, very high level—just the Director General and what the Directorates will look like. We will now, over the coming months, continue to carry out the development of a detailed strategy that brings the 100-odd staff in DfT and the 500 in SRA together in the new DfT Rail Unit, which we have said, as a ballpark, will require about 300 of those staff altogether. Part of that process will be where the community rail people and SRA sit within that structure, and where some of the regional planners and others from the SRA sit within that structure. What we do not want to do is throw the proverbial baby out with the bath water and lose all that huge expertise built up in the SRA and some very significant expertise from rail experts. That is the exercise we are undertaking now. That runs alongside the Bill—I would not say “endlessly” because we have only had two sessions so far in terms of the Bill—and the Bill is part of the wider implementation process of the rail review. So all these elements can be carried out alongside rather than wait for the legislation to be secured. There will not be a sort of a flick-of-a-switch, Big Bang and, all of a sudden, the SRA becomes DfT Rail; all these elements, including where community rail and the planning and other functions that SRA perform, are an important part of the deliberations for the coming months.

Q423 Chairman: You have lost one or two senior people already. Is that because they think the strategy is changing or the job is changing?

Mr McNulty: Not having interviewed and debriefed them on a one-to-one, individual basis, I am not entirely sure, but I will find out if the Committee would like to know.

Q424 Chairman: I think the Committee would like to know if there is a feeling amongst people in the Strategic Rail Authority that the Government is going to ask them to do something else. Put simply: is your strategy going to be to get the most out of an existing asset, because you have got to keep it anyway, or are you really saying, “We are really

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concerned about community railways and this is their last chance to convince us that they really have a role to fulfil”?

Mr McNulty: I suspect, without sounding like a Liberal Democrat, a bit of both, but probably in an 80/20, 90/10 split, given that—

Q425 Chairman: Which way is the 90 and which way is the 10? Forgive me.

Mr McNulty: Ninety for the former part of your statement and 10 for the other part. It is, in practice, about trying to get the most optimal use out of what we already have. It is not “Beeching by the back door”, it is not “Dad’s Army running community rail lines at the tail end of the rural network”, which was most offensively said by a particular individual; it is about overwhelmingly how we can get, through the community partnership scheme, these particular lines used and used to the full. We have seen some very good examples, albeit small examples, of success. In relation to the 10%, I have to put that caveat in because, as you will know, the Secretary of State has said we are not about preserving and carting fresh air around the country.

Q426 Chairman: Yes. “Carting fresh air around the country” may be a very good headline for a newspaper, but it does actually destabilise people who are concerned about community railways because they are already hyper-sensitive to the suggestion that this new legislation is meant to be Beeching No 2. I think there is a little inconsistency with the Government saying consistently, as it has, “No, we are not looking for ways to get rid of all these lines” and, on the other hand, the Secretary of State in an unexpected and unusual fit of pique saying, “We are not in the business of carting round fresh air”. Well, no.

Mr McNulty: I think that was a statement of fact rather than a fit of pique. I understand the sensitivities that are there but we would far rather—and this is what the strategy does—focus on the 90% which is getting full, optimal use of our network. There are some examples where that has worked, and worked well, and there are some really encouraging signs that we want to repeat.

Q427 Mrs Ellman: In the Railways Bill you are proposing to abolish the regional rail passenger committees rather than to reform and improve them. Is that not going to make the development of a community rail strategy more difficult?

Mr McNulty: I do not think so. As I say, many of the tags in the legislation are either precursors of or part of a whole range of things that are being gone through, and the Bill is just part of it. We are formally, as you suggest, abolishing the regional rail passenger committees. We are replacing them, with full cooperation and consultation, with the national RPC, with what we think will be a more refined structure, a stronger structure. The development of community rail partnerships and the development and understanding of localised networks does not

need and absolutely require regional rail passenger committees in their current form. We think they are moving to a far stronger voice.

Q428 Mrs Ellman: My criticism is not that you are not leaving things as they are, but instead of strengthening that regional and local voice, you are simply making a national body, and the fact you are telling us the national forum agrees with this is irrelevant; I am talking about strengthening the local voice.

Mr McNulty: The implication in your question was that we could not develop community rail strategies at a localised level without the existence of regional RPCs, and the two do not follow at all.

Q429 Mrs Ellman: How are you going to do it?

Mr McNulty: Central to the entire strategy is the engagement—it is a clumsy, horrible word, but it is now in the parliamentary vernacular, or public policy vernacular—of a whole range of local groups and stakeholders, and that is what has happened in the successful areas where this sort of development has already happened, and has done very, very well. So it is not even at that regional level and regional RPCs; it is far more at the localised level, and where there has been significant engagement, it has worked very, very well.

Q430 Mrs Ellman: Have you made an assessment of the impact of rural closures on levels of demand for main line services?

Mr McNulty: There is a number of elements in that. If the strategy were about Beeching 2 in disguise, then it would be right and proper that we would have done such an impact assessment. Given that it is not, we have not, and in one or two of the examples where there has been success, quite the reverse has happened. The Penistone line. Penistone was very, very cold when I was up there. But that is now effectively an entirely revived branch line that feeds into the Trans-Pennine Express in a way that people did not imagine 10–15 years ago. Something like half a million passengers now use it as a core branch line feeding into the TPE, so there can be a very positive effect on the relationship between branch lines, lesser rural lines and main lines. That is a model that may be repeated elsewhere. I say may be because, crucially, this is an overarching strategy, and what we are trying to get into the ether is, without mixing transport modes, horses for courses. What works in Penistone might not work in Cornwall and might not work on lines like the Abbey line between Watford and St Alban’s. I am not saying that the whole strategy is about replicating the Penistone success.

Q431 Mrs Ellman: Is this going to be built into the strategy?

Mr McNulty: Is what going to be built into the strategy?

Q432 Mrs Ellman: The importance, often, of rural local lines to main lines?

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Mr McNulty: Where appropriate. Even in the designated lines, not all of them are in such close proximity to a main line in the way that Penistone is and all that it does to feed in through Trans-Pennine Express but, where appropriate, one would have thought for a local community rail partnership to be successful, then of course it would be built in—not to the strategy but to the practice on the ground of the development of community rail partnerships.

Q433 Mrs Ellman: How long would pilot schemes be running?

Mr McNulty: We have said roughly—because again, it is about the local dimension and local experience—two to five years.

Q434 Mrs Ellman: What would happen to a micro franchise if it developed to the extent that more than three trains a day ran from it? Would that breach the criteria?

Mr McNulty: In one sense it is difficult to say, because we do want to, within the overall strategy, look at each individual development of the community rail partnership and its success on its own terms, in its own locality. Clearly, one consequence of saying we are trying to get the most appropriate model for each and every area is that we cannot then insist on a rigid blueprint of a national criteria of assessment against which to judge success or otherwise, so it really does depend in the first instance what the community rail partnerships say they can do over a period of time, how successful they have been in their own terms, rather than come up with some broader national criteria. So it is an overarching strategy rather than having the specific blueprint for how every one of these lines is going to work and reach, in their own terms, the sort of success that Penistone has.

Q435 Mrs Ellman: How are you going to ensure stable and long-term funding for the community rail partnerships?

Mr McNulty: The crucial element there is that that is part of the development of the community rail partnership and is really their job. If you are saying to me the opposite of Beeching 2, if you are saying to me that in the end, is there absolutely 100% stone cold guarantee of long-term sustainable funding by government for each and every line, the answer is probably not.

Q436 Mrs Ellman: Are you going to restore the rail partnership grant?

Mr McNulty: The rail partnership grant remains suspended as part of the mix and transfer of SRA into DfT. That is one of the elements that we need to consider and consider in some detail.

Q437 Mrs Ellman: What do you intend to do about it?

Mr McNulty: We intend to look at it, see where it goes, whether it should be revived and what we should do about it as part now of the transfer of SRA over to DfT.

Q438 Chairman: The difficulty is ACoRP is going to be abolished, is it not, and that is the umbrella organisation for community rail partnerships?

Mr McNulty: Not quite abolished. They are still in talks and discussions as I understand it with DEFRA, their lead body, as to quite what prevails after March next year. We think almost certainly that the SRA element of their funding will continue, certainly through this year, and again, as part of the overall transfer of SRA, principally to DfT, although some parts do go elsewhere, we need to look and consider that too in the light of wherever DEFRA get to with them at the end of their deliberations.

Q439 Chairman: They say very simply “We are a national federation. Our money comes from the Strategic Rail Authority, and the Countryside Agency, both of which are being abolished.” Without us, a lot of the new community rail partnerships we have been able to assist will not happen. All I am saying is, does it not seem a bit daft on the one hand to say we want more and efficient community rail partnerships, and on the other hand to say that, unfortunately, we are going to abolish the organisation that has been giving them the greatest support?

Mr McNulty: We are not abolishing ACoRP in the sense that . . .

Q440 Chairman: If you do not give them any money, you are not going to have a very . . .

Mr McNulty: We have said SRA’s money will continue, at least for the next year, only for the next year in the context of what we cannot do is pre-empt their discussions with DEFRA via the Countryside Agency.

Q441 Chairman: Are you not connected? Is there not any connection with the firm next door? Both you and DEFRA are parts of the same government, are you not?

Mr McNulty: There are, absolutely, connections.

Q442 Chairman: We do not really want you sitting there waiting for somebody else to take a major decision which could determine whether or not community rail partnerships are viable. Could you not give them some encouragement that you are not going to sit back? Saying to somebody, “You are not going to be abolished; we are just going to let you fight with your existing Department and, when we see how much money you get, we might talk to you” is not exactly the greatest support in the world, is it?

Mr McNulty: We have already talked to them, as have the SRA, to the extent that we have guaranteed the elements of funding that come from this side of the table, but I take your point; it is one family and I am happy to undertake to talk with DEFRA, see where they have got to in their discussions via the Countryside Agency with ACoRP and report back to the Committee; more than happy.

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Chairman: That would be helpful.

Q443 Mr Donohoe: Why is it that when we do any infrastructure work in the UK, it is so much more expensive than anywhere else in the world?

Mr McNulty: The short answer to that is the complete and utter mess that followed immediately in the wake of privatisation. The more useful answer is that over the last year or so we are getting to a stage where, working collectively with the industry, we are trying to drive down those costs, certainly in terms of rail infrastructure, and I think there are signs of success. I had the great pleasure of tootling up and down 15 km of line between Burngullow and Probus down in Cornwall, where we opened up a double track. That cost £15 million. The equivalent stretch of line, with pretty much the same signalling, same double tracking, was executed or undertaken some three or four years ago on the Chiltern line at a cost of £60 million. So there are signs that we are getting those costs down but it is not, sadly, restricted simply to rail kit and infrastructure, and it does seem, as others have suggested, to go across other modes too. We do not seem to be able to do light rail and trams at anything like the price that they do in the European context, and we need to understand why that happens.

Q444 Mr Donohoe: Is it something to do with the fact that we have allowed the private sector to come in and exploit the situation?

Mr McNulty: I think in the past that may well have been the case, and certainly there are early signs that Network Rail taking all their routine maintenance back in house and having greater control over who does what when, as well as greater control over cost, is working and working well. Whether that would be appropriate in terms of renewals, signalling and other elements of work, I am not entirely convinced of. Your point is that at least in part that is what I meant by the initial mish-mash that followed in the wake of privatisation.

Q445 Mr Donohoe: Is there any analysis being done inside your Department showing the direction that it is going will equal that of the development costs in, say, mainland Europe, for instance?

Mr McNulty: I do not know if there is any specific cross-national type research happening in that regard. Certainly in Network Rail and the Department, in all the elements that make up the rail industry, there is constant review of cost structures here compared to our European counterparts. As I say, Network Rail I think over certainly the best part of the last year are really significantly getting to grips with costs, and we are starting to see the dividend in terms of their money going a lot further in terms of infrastructure investment.

Q446 Mr Donohoe: On the basis of the way Network Rail was set up by your Department as non-profit making, why do you not do the same thing with new franchisees running the trains themselves?

Mr McNulty: Because I suspect the first time we do that—and I know there is a campaign around at the moment to do it with SET—many in the private sector across the entire industry will start asking why they should bother, and any investment that there is now in existing franchises would dry up, and any potential investment that there may be in subsequent franchises and investments will simply dry up.

Q447 Mr Donohoe: It is working inside the infrastructure side of the business, and that is a fairly substantial proportion of it.

Mr McNulty: Except that Network Rail is not government. It is not for profit. It is not public sector.

Q448 Mr Donohoe: Why not set up a similar kind of company to operate the trains?

Mr McNulty: As I said, in the end, we are putting £73 million a week into railways, and there is roughly the equivalent going in from the private sector. That will dry up overnight, and what possible incentive will there be for anyone who is only just starting a franchise to put any substantive investment of any sort into it?

Chairman: There are occasions when we have difficulty seeing all this enormous amount of private investment.

Q449 Mr Donohoe: If I may follow your train of thought there, Minister, if we take it to the point where you have companies that have been set up not for profit, surely it does make some sense that you can get to the point where you do the same with the operating companies. If one looks at the balance sheet of the operating companies, they may well be pumping money in, but they are equally taking more money out in terms of the profits that they are making. Would it not be better in the circumstances to have a similar set-up inside the operating companies as you do with Network Rail? If it is possible to do it with Network Rail, surely it is possible for the Department to do exactly the same with the train operating companies and have that same sort of situation?

Mr McNulty: I think in organisational and other terms, to compare the Leviathan that is Network Rail and its responsibilities in the industry to TOCs is apples and pears.

Q450 Mr Donohoe: When you get to that type of answer, I have to do the equation and suggest that if you are trying to continue to run trains in rural services, which will never make money, if you are into the profit motive, it is almost inevitable that you have to start having some kind of criteria to close down the rural routes, because they are never going to make any profit, and you are certainly not going to be in the position of being able to attract private money into these routes to be able to make them viable.

Mr McNulty: The franchisees take over networks, not bits of a network that they fancy and are the most profitable. Like any other company, they make whatever moneys they make on the profitable

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elements of the route and sustain the non-profitable elements. That is not exclusive, by the way, to the rural dimension. There are certainly some elements of urban networks that are equally under-used. In the old days, British Rail's classic mode of shutting a service was to make it so appalling, so infrequent and so unreliable that nobody used it and then turn round and say "No-one uses the station so we will close it down."

Q451 Mr Donohoe: Is it not possible for these franchisees to do exactly that, and to make sure that they bring it to your attention that it is so dire as a service that they are running on thin air, and the franchisees can say "We don't want to operate this" and you would have to take that into account?

Mr McNulty: Certainly there was potentially scope for that under the mish-mash system of franchises immediately post privatisation. We are seeking to re-map the franchises and get some logic and integrity back into them. You will know that East Anglia is now all one franchise and has an integrity as a network far more readily than the unnecessary splits there were in the case of East Anglia. In the body of the new franchise agreements that we are seeking to work towards, it will be that here is a network that needs sustaining, not simply one line and, as I say, the mish-mash that was there in the past.

Q452 Mr Donohoe: Do you think there is any danger in the same company operating buses and trains? Can I ask you more specifically, in that case or in any case, do you think the whole question of bus substitution for rural rail routes has been finally laid to rest?

Mr McNulty: I saw that as one of the questions and I thought it was quite strange, in the sense that bus substitution, where appropriate, may still well have a role to play. I do not know, but if the question is—I remember someone raised at Second Reading the notion that there were all sorts of promises that buses would fill in the gaps left by much of what Beeching did in the early Sixties that never materialised at all. I took the question in that context, so are we saying that bus substitution will be a flim-flam and excuse to close lines and then not materialise? I do not think that is the case at all. Should there be further integration, especially in rural areas, between bus and the tail end of rural lines? Absolutely. In Penistone that is working, and working well. I know you have had the OFT in earlier. Their role and responsibility comes under another department to me, but I think they are slowly moving in a more robust and flexible direction in terms of understanding what does prevail in the interface between different modes.

Q453 Mr Stringer: I will come back to that, if I may. If I can start with almost the opposite point, we have had evidence of a lot of cases of rural railway lines being subsidised at the same time as bus services going from, say, points A to B are also subsidised. Are you satisfied with that situation?

Mr McNulty: We are trying, certainly in the first instance, with PTEs following the transport review White Paper in July, at that local level to get far more integration and provide a framework where far more integration can happen between rail and buses, and I think that is something we need to look at in terms of rural areas too.

Q454 Mr Stringer: Those clearly are worthy objectives, but how will you do it? There is subsidy coming from the county council possibly to the bus service and subsidy coming via the Department of Transport in the future, SRA at the moment, to rural services. How will you actually get that co-ordination?

Mr McNulty: As I say, in the case of the PTEs in terms of the Bill—and bear in mind, as you well know, that although principally there were the old met areas, met area does not equal 100% urban, and there are certainly rural dimensions to the PTEs. How will we do it in the first instance? We will not. We are trying to work with the PTEs in the case of the Bill so that they can get to the position where they offer a far more integrated approach. The county councils, partly through the Local Transport Plan process and others will seek the same. I do not say it will be easy but I think the import of your question is a very real one. If you are running, effectively, a bus service and a train service along the same or similar routes, it is worth exploring how the two interface and how the public subsidy interfaces.

Q455 Mr Stringer: How do you think the Competition Acts are operating in relation to rural train services and bus services? Do you think they could be improved?

Mr McNulty: I think they are getting better. I did not have the chance to sit in on your previous session but I think they are getting better in two ways. Firstly, the OFT and the Competition Commission are starting to understand, perhaps more readily than they did in the past, how the interface between various transport modes is in particular areas and what "the market" means in particular areas. At the other end, I think local authorities, PTEs and others are working far more closely together and understanding far more readily what can and cannot prevail under the competition scenario. When the competition framework was first put in place, there would never have been even an attempt by 14 bus companies across three local authorities in the Havant area to come up with an integrated ticket that covers all their bus services in the three areas. The response in the first instance, in the immediate wake of the competition framework, would have been "too hard" or "impossible" or "we can't do it." But they have worked with the Competition Commission to get to a stage where that is workable or do-able, and I think it is successful and that has been followed in other areas. It is a slow process, but rather than simply dancing round each other's handbags, both sides of that particular relationship are starting to understand each other better. That is not a criticism of the past. The competition framework is relatively new, and people need to find

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out exactly what will and will not prevail within it. I know there are examples in some areas where inter-ticketing, securing quality bus corridors and other things seem to be terribly difficult to do in the context of the OFT and the Competition Commission. I think, again, there are lessons to learn there as we move forward.

Q456 Mr Stringer: I will come back to that point, if I may. You mentioned that the OFT and the Competition Commission are not your responsibility. Do you meet them regularly to talk about these issues?

Mr McNulty: I am not sure I would define it as regularly, but as and when necessary, we do, or someone in the Department does. As and when there are particular issues, we do. I have, and I know the Secretary of State has, met them in the past to talk about this whole series of issues like inter-ticketing and others. More recently, or round about the same time, we met them specifically to talk about their report on taxis and deregulation of the other elements in that regard. I will probably meet them less regularly now in the sense that I met them or interfaced with them far more regularly when I was Buses Minister. I do not do buses any more. I still use them, of course, but I do not have policy responsibility for them.

Q457 Mr Stringer: There are very specific proposals, of course, for taxis. I just wondered whether you met them regularly, when there were not reports, to talk about the overall regulation of the Competition Acts.

Mr McNulty: Not in any general sense. It would be wrong to suggest that I have a two- or three-monthly meetings on a regular basis with the OFT or the Commission to talk about transport issues.

Q458 Mr Stringer: You were not in for the session with the OFT. One of the things that surprised me was that, although they were not sure of the figure, they thought that five times they had prosecuted bus companies for anti-competitive behaviour. That is not very often. Are you surprised that it is so low, and are you satisfied that either the law gives them sufficient power to deal with anti-competitive behaviour or that they are as assiduous and aggressive as they should be?

Mr McNulty: As I say, I think there is now far more readily a willingness on the part of OFT to sit down with local authorities, with PTEs, on a far more focused basis than perhaps they have done in the past, to get an understanding of what is going on in local transport networks, and with operators and with others, and that should lead to a greater understanding both of what local authorities and PTEs want to do, what needs to prevail in terms of competition and what needs to prevail in terms of the prosecution of anti-competitive behaviour. I do not know if they said it or not but I think they would admit that there has been a learning curve in terms of interacting with local transport "markets."

Q459 Mr Stringer: If in one urban area—or rural area, for that matter, though I suspect the issue is less common in rural areas—you have two dominant suppliers of bus services charging different bus fares, one obviously higher than the other and not competing against each other, do you think that should be a *prima facie* case for investigation by the competition authorities?

Mr McNulty: It would depend on the specific circumstances, so I do not know about *prima facie*, but if after initial investigation it would appear to warrant investigation, then they should do.

Q460 Mr Stringer: If you can come full circle from subsidised competition to aggressive competition from private, unregulated offices against subsidised public rail, either light or heavy rail services, do you think that the government should intervene in that situation?

Mr McNulty: My initial reaction would be to say no, because I would far rather it was resolved at the local level, and I think what we put into places in terms of public policy, in terms of the transport review, should provide the framework for local authorities and PTEs far more readily to deal with that themselves in terms of quality bus contracts and how they integrate with either element of local transport far more readily. It does appear to be not terribly clever that PTE, for example, can try as best it can to control what is going on in the bus network in its area, but have no control over or say how that interfaces with light rail, with heavy rail, or no real control if an operator comes to them and says, "We have tried to flog that route to death, it doesn't work so we are stopping it." If there is a broader, strategic framework of control that the PTE can bring to have all those elements come together, for buses in terms of what we said about quality bus contracts, and giving the bus service operators' grant to local authorities to manage and control far more readily the strategic nature of their bus network, I think we start to get to a position that far more readily reflects what the local PTE and local transport needs are.

Q461 Mr Stringer: Are you satisfied with the way costs are apportioned to rural railway lines? Do you think it is fair that they have overhead costs from the main lines and from head office apportioned to them which make the subsidy per passenger look excessively large when in reality it is not?

Mr McNulty: It is a difficult one, and I would say it is something that at best could be described, from our perspective anyway, as work in progress, trying to really unpick what costs should be apportioned and otherwise. We have started the process. I think it is fairly robust but more work does need to be done.

Q462 Mr Stringer: Will that be your decision finally or will it be Network Rail's decision?

Mr McNulty: In essence, under the new structure, probably more in the first instance Network Rail's than ours; under the current structure probably more a mixture of us and SRA. It is the franchisee element as well as the infrastructure element in terms of the cost base. That is why SRA.

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Q463 Mr Stringer: You were honest enough in answer to questions from Mrs Ellman to say that there might be the possibility, although it is not the Government's intention, of the closure of a rural line under the new rules, and I certainly appreciate that honesty. Does it worry you that, having set up a process both within the PTE areas and the shire areas which makes it easier to close lines, that a future anti-rail Conservative government will come in and grab hold of this legislation and close those lines very quickly?

Mr McNulty: I suppose the semi-facetious but serious answer is I do not see that coming in the foreseeable future. By the time that does happen, I suppose, even though there is a remote possibility of that happening, we will have flourishing community rail partnerships up and down the land, à la Penistone but in their own, appropriate local dimension that they could not touch even if they wanted to, and I do not believe actually, given where we are in terms of the public and private transport network infrastructure in this country, that an anti-rail government, Conservative probably, would get very far.

Q464 Miss McIntosh: Minister, do you agree with the comments made by the outgoing Chief Executive of the Strategic Rail Authority, who said, "Britain's competition authorities are hampering co-ordination between the different branches of public transport"?

Mr McNulty: I think from the answers that I have already made you will know that I probably do not agree with that now but may have done when he said it. There has been an iterative process between the transport sector and the competition sector, for want of a better phrase. Both sides are learning and things are far more robust now than they were before, and I think that learning process continues. So on its own as a statement reflecting today's current position, I would probably err on the side of gentle disagreement.

Q465 Miss McIntosh: Do you think it is acceptable that it has taken over two years and a consultation paper is only going out in the New Year to allow through-ticketing on a block exemption?

Mr McNulty: Do I think the two years is unacceptable? So long as the job is done properly, no, I do not think so. Would you rather six months and it not be done properly?

Q466 Miss McIntosh: Is through-ticketing not an inherently good thing if it is going to encourage more people to travel and to integrate between bus and rail?

Mr McNulty: Of course.

Q467 Miss McIntosh: That is presumably what the OFT is there for, to implement the Competition Act. I would have thought it was an unacceptable period of time, more than two years from the Competition Act to now, with the consultation only coming out in January.

Mr McNulty: No, I would not agree at all. I do not understand why the two years is unacceptable if the consultation paper and what it proposes is the right and proper way forward rather than otherwise. Anyone can do sloppy work over three months, knock it out, satisfy people in terms of the temporal fixation, but not the end result.

Q468 Miss McIntosh: Do you think that there was much consultation between the issuing of the latest railway timetable and the bus operators connecting with those trains?

Mr McNulty: I think there has been fairly extensive consultation with all sorts of stakeholders. If buried in the question is the notion that bus and rail operators should talk to each other more readily and, within the competition framework, have more scope to integrate more readily, I probably would agree.

Q469 Miss McIntosh: You will be familiar, presumably, having been the Buses Minister, with the Select Committee report from 2001. Are you disappointed that there has not been more movement on travel cards, prepaid tickets and electronic smart cards?

Mr McNulty: My disappointment would be modified depending where I was looking at it. If I look in the London context, I am terribly pleased with the advances there have been in terms of integration and issues like zonalisation, through-ticketing and others.

Q470 Chairman: Of course, London does not have the same system as the rest of the United Kingdom.

Mr McNulty: If it is slower in the rest of the United Kingdom, then I would encourage all parties to work together to improve it, and crucially, which is what I am trying to work on as London Transport Minister, make sure that eventually the interoperability between the two works. I do not want—which I am sure will happen eventually—the rest of the country to overtake London in terms of integration and then find that, through a lack of compatibility or whatever else, the two do not interface.

Q471 Miss McIntosh: What is the involvement of European Railways Agency in particular in allowing differential standards?

Mr McNulty: It is only just coming into focus, so we need to work with them to see what prevails.

Q472 Miss McIntosh: Have there been any ministerial meetings with the European Railways Agency?

Mr McNulty: I have certainly not met the ERA but I have only been Rail Minister for two months.

Q473 Chairman: Is it true that part of the third package is the suggestion that every railway station in this country should be able to sell tickets to any other railway station within the European Union?

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Mr McNulty: Not as far as I am aware. I had the great pleasure of being in Brussels last Thursday and Friday for Council, where the first element of the third package, train drivers licensing, was discussed. I know there are a couple of other dimensions to the overall package. I will find out, if I may get back to the Committee.

Q474 Chairman: We would like to know, because, as you know, it took some companies long enough to get any ticketing machines that worked for anywhere, and one can foresee some slight difficulty if they are required to issue tickets to Lithuanian destinations as well.

Mr McNulty: Underlining at least some of the deliberations last week in Brussels is whether the third package would be a package or not, or whether it would just be one item. But I will find out if that is a proposed element of the third rail package and report back to the Committee, happily.

Q475 Miss McIntosh: We took evidence that for the rural railway network to be a success, there have to be certain exemptions on the technical specification, not for safety reasons but just for technical reasons. Are you confident that we will be able to negotiate these differential standards, and who will negotiate them?

Mr McNulty: I am confident, obviously, that they can be negotiated, but you are right; it will not be on safety, in terms of the rolling stock especially, because in many instances that rolling stock does have to cross over some of the more significant main lines as part of the network. I am pretty confident that we can get to a stage where those exemptions are negotiated.

Q476 Miss McIntosh: Are you able to say why through-ticketing is perhaps more extensive and more successful on mainland Europe than here?

Mr McNulty: No, I am probably not, to be honest. I have been two months a Rail Minister. I am still trying to read—I am not using that as an excuse, by the way—in terms of what prevails in every nook and cranny of the UK system, which I am fairly confident about. Cross-comparing it with other European systems I am slower on but getting there. The through-ticketing in the first instance I would guess is because there has been, as a matter of public policy fact, certainly since the War, a good deal more focus on integration within and between modes in the European context than there has been in the UK context, and that is to damn all previous governments, not just those the same colour as your coat.

Q477 Miss McIntosh: One final question following on from what Mr Stringer said. Can you confirm that where a passenger transport executive is party to a franchise, the Government will not retrospectively remove them from such a franchise?

Mr McNulty: If they are already co-signatories to the existing franchise, that is the case. We have said very, very clearly as part of this transition in terms of the rail review White Paper none of it will be, by definition, retrospective.

Q478 Chairman: I want to ask you one or two specific things, please, Minister. Are you going to keep the community rail team together?

Mr McNulty: As I was alluding to earlier, in the first instance, that will be part of the process of marrying together the current rail . . .

Q479 Chairman: Yes, but are you going to keep the core of the community rail team together, because they have been doing a specific job?

Mr McNulty: I should think, in all honesty, the strongest I can say on that is I would hope so.

Q480 Chairman: What are you going to do with the SRA team of regional planning officers?

Mr McNulty: Again, they shall be thrown into the mix of the process of transition between where we are now with DfT Rail Directorate and SRA and the new model. The notion that a future DfT rail unit could do the work that it seeks to do without that strategy and planning expertise of SRA is doubtful. I only hesitate because we are talking now about a process whereby all the elements of expertise in particular jobs needed for the new DfT rail unit are being worked up as we speak and I wouldn't want to go further because we could be talking about individuals' jobs.

Q481 Chairman: If you throw people into a mix, quite often they are minced.

Mr McNulty: Throwing them into the mix is probably the wrong phrase then, but we are going through a whole process now, having sorted out the high-level elements of the design of DfT rail unit, of quite what expertise all the way down to what number of jobs we need in each of those directorates in each area and to do what. To go much further in terms of almost guaranteeing a ring-fencing of particular roles of teams in SRA is probably unfair of me as part of that process, because we are talking about the best part of 500 plus individuals going to 280–300 individuals.

Q482 Chairman: I understand that, but what we are really saying is could you give us a guarantee that the community rail partnership teams, however you define that, are going to exist after you have pared down all these existing services?

Mr McNulty: I think this is the best I can probably say: the community rail functions that currently prevail in SRA and DfT will continue in some form or other under the new system.

Q483 Chairman: That may be the best we can do this afternoon. Is the Department going to take responsibility for British Rail Property Residual Limited?

Mr McNulty: Probably. Almost certainly. We have just not finalised all these things yet.

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Q484 Chairman: But you can see the logic. There is a lot of land. Some of us were very disturbed about the amount of railway land that went with the previous Railtrack, some of which they hung on to, but there's still a lot of land. What happens to that is very important to developing the railway. If it is sold off for unusable developments, which may be very nice having even more houses on brownfield sites, it is not going to do the railway a lot of good.

Mr McNulty: I think when the history of the last 10 years of the railways is written, that will be post-privatisation one of the real elements that will need focus on because we missed the boat pretty much on that. I was exploring quite what is held by BRP and now I think they own something like—forgive me if the numbers are not entirely right—840 sites, 780 of which are worth less than £50,000.

Q485 Chairman: The big money went to Railtrack.

Mr McNulty: In terms of larger and more necessary operational bits of British Rail land, they went to Network Rail rather than BRP with, as you say, a huge chunk of what was railway land in the middle between the British Rail position and the position that prevails today, where perhaps there was not the best utilisation or far-sighted portfolio management of those strips of land.

Q486 Chairman: Are you satisfied with the leasing charges that are levied on older rolling stock which is cascaded down to rural lines, to use one of those ghastly phrases?

Mr McNulty: We have said as part of the overall rail review we would like to look at, not through legislation but look at the entire relationship of the industry with ROSCOs, and I think the sort of cascading element in terms of older stock going on to some of the rural lines, and the costs of them, is part of the review of that process. I think it is worthy of review and exploration.

Q487 Chairman: You are aware that the leasing costs of the older rolling stock are very high? Would you, if need be, intervene in that?

Mr McNulty: We will undertake the review from top to bottom in the context of the rolling stock strategy SRA have and look at how that cascades across the piece.

Q488 Chairman: Could we assume that one of the reasons for the creation of Network Rail was in order to give the government a benchmark by which it could pursue whether or not it was getting good value for money? There might be an opening for a non-profit making company that deals with rolling stock, and that would also give you some idea of whether or not the leasing companies were charging correct amounts, would it not?

Mr McNulty: There are certainly no barriers at the moment in terms of the way things are configured for a not for profit company becoming involved in the provision of rolling stock.

Q489 Chairman: Are you going to allow spot hire markets like Fragonset to play an increasing role in providing rolling stock?

Mr McNulty: Last week in Rail magazine there was an interesting piece on that, where locomotives could almost be hired by the hour or by blocks of time to facilitate their use on parts of the rural rail line, and I think that is worth exploring.

Q490 Chairman: You will be aware that at the present moment there is a little window, because there is rolling stock and there are carriages available, and if they are properly utilised, they could transform a lot of the existing services, and so far there is not a very clear view that the companies have undertaken such reorganisation.

Mr McNulty: I would agree; that should be looked at, and looked at in some detail.

Q491 Chairman: If one charges lower rates but gets older rolling stock and possibly lower standards on rural lines, what is that going to do to the need to improve access for disabled members of the community?

Mr McNulty: It is not pedantry or mincing words, but I would say appropriate standards rather than lower standards. I think they are in the main focused on track and infrastructure rather than rolling stock, but I do appreciate that it will take time for all DDA-compliant and every other relevant rolling stock to cascade through if that is the model that prevails, and I do not think there should necessarily be, where we can, a lowering of standards in terms of accessibility to any part of the rail network.

Q492 Chairman: Are we going to keep the statutory half price concessionary fares on community rail lines?

Mr McNulty: I think the short answer is no, because the revenue mix is part of the elements of sustainability for these lines, and if you are putting one back behind their backs straight away in terms of concessionary fares, I do not think that is an entirely appropriate place to start. Whether they end up with, on the back of their success, a concessionary fare regime, that is a secondary issue, but I think in the first instance, no would be the short answer.

Q493 Chairman: Will there not be a conflict for the Government if on the one hand it requires an extension of concessionary fares for those who most benefit and on the other hand it says to particular areas "We will allow you to escape that recommendation"?

Mr McNulty: Not escape it, but in the interests of a public policy balance and equity between persevering to keep these lines fully functioning and with a degree of sustainability for the future, against the notion of concessionary fares, I think that is a mix and a balance that we need to weigh up, and we have weighed up, and if concessionary fares can be, longer term, factored back into what CRPs do with these lines, all to the good, but one of the only sources of any significant revenue for these

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community rail partnerships is the fare box and it is unnecessary I think to restrict that in the first instance.

Q494 Chairman: Can you do anything about the competition between subsidised bus and subsidised train services running on the same corridor?

Mr McNulty: Mr Stringer has already referred to that, and I think it is something that we can look at far more readily in the context of what we are doing with broader transport review and encouraging local authorities, PTEs and local councils to go for a far more integrated approach that includes rail as well as simply buses.

Q495 Chairman: Finally, I do want to bring you back to the Office of Fair Trading. We listened very carefully to their arguments and, frankly, we went round in a rather narrow circle and came back to where we started. Are you satisfied that the change in legislation will enable the Office of Fair Trading to regard transport as a public service and to accept a properly based assessment of public interest? We were told still this afternoon that their interpretation of public interest would be economic benefit to the customer. You and I both know that is not the only interpretation of public interest. In fact, it is such a narrow interpretation I think both you and I would have some difficulty in explaining it to our constituents. Are you quite satisfied that the Office of Fair Trading has got its ideas straight on what it is supposed to do?

Mr McNulty: I think the short answer is yes, and more satisfied as experience grows, not simply, as I say, in terms of how they interpret how they should work with local transport sectors but increasingly how local areas and locally based operators can work within the OFT and the competition framework to secure what they need for their communities.

Q496 Chairman: Yet they would say, as they did this afternoon, there is not a problem for bus companies and rail companies having integrated ticketing, because they just have to be within the block

exemptions, and they have to come to us if there is a difficulty. Surely, if they are fulfilling their task properly, people should automatically know whether the agreement is within or without a block exemption.

Mr McNulty: From my experience last year as Bus Minister, it is clumsy round the edges, but I think collectively it can and will get better. Part of what I need to do is almost, within the family of organisations in rail, to get ticketing appropriately done at some areas, at some stations, rather than otherwise. There is a lovely new station that cost about £500,000 called Adwick in Doncaster North, where there is a lovely little man running a brand new park and ride facility. It all works very well and presses all the right buttons in terms of what we were trying to do, but through some complicated nonsense between the various elements involved in railway, he cannot sell tickets. He can sell orange juice, he can look after the cars in the car park and all that sort of thing, but he cannot formally sell tickets, which is a nonsense.

Q497 Chairman: You would sort that sort of thing out with them?

Mr McNulty: I am hopefully going back up there to see him when he can sell tickets. He does a nice line in orange juice.

Q498 Chairman: Minister, it has been very interesting to listen to you. Finally, am I to take it the Government are serious about the maintenance of community railway lines? They understand that these are a feeder for main railways, they want to see them developed, and they want to see the opportunity for communities to gain from the operation of these lines being one that is widely disseminated and widely understood. Is that a correct summation of your views?

Mr McNulty: That is an excellent and eloquent interpretation and summation of the views, and the only caveat I would put in is the local circumstances and local response to how to take forward their community rail partnerships.

Chairman: We are very grateful to you, as always, for coming to see us. Thank you very much.

Written evidence

Memorandum by H Trevor Jones (RR 01)

I am an IT professional living in Guildford, currently out of work, but have had good jobs in the past and I do NOT drive.

As an occasional user of rural railways on my holidays around the UK I want to make sure the likes of me are not forgotten as you quite sensibly go around the rural regions gathering evidence from individuals and communities who are directly served by rural railways.

The starting point for most of my UK holidays is to see where I can get to on the rural rail network, typically the coastal regions of the Highlands of Scotland, Wales and the West Country, although I do more occasionally also visit the east coast and East Anglia. (I assume South-East England where I frequently use rail to visit the south coast from Kent to Dorset is not on your agenda.) Then I build on that by seeing where else I can go by adding in bus rides or ferry crossings. It is not so much wanting the next train after 0900 to go specifically from A to B but a matter of studying bus, train, and ferry timetables to see what I can best do with my holiday time.

So from an economic point of view, my custom as a tourist on holiday is more likely to be bestowed on places with suitable services including good connections (and information on the connections, especially where inter-modal), that enable me both to get there from where I am and then go on to somewhere else after a stop of suitable length for the place concerned (whether a few hours or a few days). As bus rides are generally less pleasurable than train and ferry rides, I am less likely to visit places requiring long bus rides although they are not necessarily ruled out. For example I've only once been to Campbeltown or Cardigan on my own holidays, whereas I've several times been to Oban and the Isle of Mull, to the isle of Skye via either Mallaig or Kyle of Lochalsh, to Stranraer, and to Aberystwyth and the Cambrian coast.

The matter of connections is also important. For example to combine Aberystwyth (a delightful town) with the scenic delights of the Cambrian Coast Railway generally involves some hanging around at Machynlleth because of poor connections, and similarly adding in North Wales and Snowdonia involves a bus-rail interchange at Porthmadog which has virtually nil interchange facilities (the station is unstaffed and I'm not sure the bus stop even has a shelter—certainly not much information) as well as poor connections. I've also noticed that train-ferry connections at places like Oban are not very good either. Even down in Cornwall, connections between the branches and the mainline can be either poor or unreliable. For example I've had to wait an hour at Liskeard due to a Looe branch train being only a few minutes late for its Plymouth connection, and such connections as there are, are generally geared to mainline travel to the east rather than to Penzance, making west Cornwall a poor location as a base for visiting places on the branches to the east.

Bus-rail interavailability of tickets (with accompanying inter-modal information) would be a helpful facility where both modes are available but neither is very frequent, to give greater flexibility of travel, since it is clearly unrealistic for everything to connect with everything and obviously there are local considerations like school and work times which conflict with making good connections at nodal points.

29 March 2004

Memorandum by Freightliner Group (RR 02)

RURAL RAILWAYS

1. INTRODUCTION

This evidence is submitted by the Freightliner Group, which consists of two licensed rail freight operating companies, Freightliner Ltd and Freightliner Heavy Haul Ltd.

Freightliner Ltd is the UK's largest intermodal rail operator, and moves some 600,000 intercontinental containers a year between the major container ports (particularly Felixstowe, Southampton, Tilbury and Thamesport) and 13 inland destinations.

Freightliner Heavy Haul Ltd has been working in the rail bulk market for four years, and now operates more than 1,000 trains a week carrying coal, rail infrastructure materials, cement, cars and vans, domestic waste, aggregates and petroleum products throughout Britain.

2. A MODERN, GROWING BUSINESS

The Freightliner Group's rail business increased by more than 11% in 2002–03 compared with the previous year, and growth has continued in the financial year about to end. This is only possible because rail freight provides effective and efficient solutions to the commercial needs of the British economy, and because Freightliner has procured substantial investment in the equipment needed to provide these services for its customers. We expect to take delivery of our 100th new diesel locomotive soon; we have had 370 new

coal wagons built, and are in the course of receiving 440 new container-carrying wagons for our intercontinental container and domestic waste businesses. Investments have also been made in cranes and infrastructure at our terminals, and we are continuing to increase the number of people we employ.

3. RURAL RAILWAYS

In general we welcome the Strategic Rail Authority's new approach to community railways, and endorse the objectives it has set out in its consultation document on the subject. We believe that there is significant scope for innovative approaches to the funding and management of such railways, and that there may be lessons in these approaches which could be of value both to those parts of the network used only by freight and for the whole of Network Rail.

4. FREIGHT ON RURAL RAILWAYS

However, we are concerned that the draft policy document does not contain any statements of clear principle as to how freight is to be treated on the routes identified as being of interest for community rail. The lines in Appendix C to the draft strategy include some which are, or have the potential to be, important links in the national freight network, whilst others are known to have potential or opportunities for the development of significant freight traffic flows. It is essential that the strategy sets out how freight is to be treated on these routes, and makes it clear that actual or future freight traffic on the routes will require access to the routes and from them to the national network. If there has been route degradation since privatisation affecting the capability or capacity of a line for present or proposed freight traffic, Network Rail may under an obligation in its licence to ensure that the appropriate capacity and capability is available when reasonably required, and arrangements must be made to ensure that this obligation is carried through to those affected rural railways if they become separated from Network Rail's stewardship.

The lines listed below belong to the categories described at the beginning of the paragraph above, and we regard it as essential that they should be adequately safeguarded for the freight traffic they carry or are likely to carry:

Current integral parts of the freight network

Oxford North Junction to Bicester Town	For waste traffic to Calvert
Rycroft Junction to Rugeley Trent Valley	For coal to Rugeley Power Station
Stoke on Trent to North Stafford Junction	To link Crewe to Derby and Loughborough
Barnetby to Lincoln	For coal and petroleum from Immingham
Barnetby to Retford	For coal and petroleum from Immingham
Daisyfield Junction to Hellifield	For traffic diverted from the West Coast

Potentially part of the freight network

Mickle Trafford Junction to Edgeley Junction	Traffic from North Wales and to Carrington
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Potential significant traffic origin

Landudno Junction to Blaenau Ffestiniog	Slate waste
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Other freight operators may well wish to expand this list.

Robert Goundry
Director of Strategy

29 March 2004

Memorandum by the Bedfordshire Railway and Transport Association (RR 03)

RURAL LINES

I write on behalf of BRTA concerning the above inquiry and wish to place on the record our support for this initiative for the following reasons:

- We support the Governments stated aim of transferring freight and passengers to rail.
- Rural line are those most able to accommodate growth both in terms of service and loading capacity.
- We hope the committee will recognise the benefit of the railway to these rural areas, areas which generally are less well provisioned with alternative public transport.
- We support the idea of reduced "specification" for maintenance and renewals, albeit with lower line speed than mainlines.

- We suggest a cascade of ex mainline or higher specification equipment will over time also assist in reducing costs.
- We suggest that the remit for these rural railways is spread as far and wide as possible and not just to isolated stand-alone areas.

May I also suggest that many of our rural rail networks are casualties of the pruning of the network done throughout the 1960s and in some cases reinstatement of modest bits of track or rebuilding could tap important flows of extra passenger and freight potential. Examples could be:

- (a) Exeter-Barnstaple: extension to Bideford and Ilfracombe (roughly nine miles a piece).
- (b) Bedford-Bletchley: extension to Oxford and Sandy (track exists to Oxford, Bedford-Sandy is a mere nine miles for strategic ECML/MML/WCML and GWML link).
- (c) Ripon-Harrogate (extra passenger flow under 10 miles needed).
- (d) Luton-Dunstable (track exists already, Dunstable has 40,000 people without rail access).
- (e) Cambridge-St Ives (track exists already, large rural commuter population catchment either side of the railway).
- (f) Barmouth-Dolgellau (mere 10 miles of track required to plug large population into Cambrian network).
- (g) Maiden Newton-Bridport (mere 10 mile of track required to plug seaside resort back into rail network and create Bridport-Weymouth commuter service revitalising the southern half of the Bristol-Weymouth line. A west to south curve at Yeovil Junction would allow Exeter-Weymouth service patterns too).

These distances are approximate, but show how reopenings could make existing lines more profitable, useful as well as added benefits such as creaming off excessive traffic congestion and pollution.

Richard Pill, Chairman

BRTA

(including North Buckinghamshire, Northamptonshire and West Cambridgeshire Areas)

29 March 2004

Memorandum by Alan D Crowhurst (RR 04)

RURAL RAILWAYS

I refer to the forthcoming inquiry into rural railways and am concerned that this may be a precursor to closures of the kind that so decimated the system after Beeching.

During the following years my business took me all over the country and, in many cases, to towns that had lost their rail links such as those along the north Devon coast. Whilst I could have hired a car on arrival in some towns this would have been expensive and time consuming. Accordingly I used a car for all of my journey, commencing in East Essex and then on to wherever I had to go thus losing the railway not just the local fare but the long distance fares and dining car income.

Being retired I very much prefer to use rail services and would be a more frequent user of the Cotswold lines if the services were more frequent and faster, the campaign to restore double tracks being well known. Rural lines need regular interval services with good connections and not necessarily the most modern rolling stock.

There was a lot to be said for the policy of cascading equipment down to such lines thus reducing costs of equipment. There is also a strong case for local management of such lines and recent proposals by some groups to do so deserve support as local interest can provide a spur to development.

Bus substitution is no answer whether the buses be conventional or guided although light rail equipment might be satisfactory if its use does not preclude operations by heavy rail. Although I am happy to use bus services in major cities I would not consider their use on longer routes. Indeed recent experiences with bus substitution on several journeys I have made on the Chiltern Line and the Marches Line, although well organised, were not at all enjoyable and I would defer travel rather than willingly use such substituted services again or, more likely use my car.

Recent proposals to use rail tracks for guided bus services on the Cambridge-Huntingdon and Luton-Dunstable lines will be unlikely to offer the development of passenger services that would arise with the restoration of such lines to heavy or light rail whilst adding to congestion at the city ends of such journeys. they will do nothing to attract longer distance travellers. I visit Histon from time to time and would use rail from Kidderminster via Birmingham if the Huntingdon-Cambridge line were reopened but I am not inclined to go by train to Cambridge and then travel back by bus from wherever the bus service commences.

I would strongly urge the Committee to promote the retention, restoration and development of rural rail services and any ancillary development of the station property, etc. In Italy most rural stations have a cafe/bar, toilets and other facilities, why cannot such developments be encouraged here—it works well, for example, at Crianlarich.

31 March 2004

Memorandum by Gloucestershire County Council (RR 05)

RURAL RAILWAYS
(Including Visit to the Cotswold Line on 21 April 2004)

INTRODUCTION

1. Gloucestershire County Council is one of the local authorities whose area is served by the Cotswold Line (a railway from Oxford to Hereford via Worcester), with a station in the county at Moreton-in-Marsh, and county residents and visitors using other stations on the line which lie beyond the county's borders. Over 100,000 journeys/year are made to or from Moreton station.

2. The Gloucestershire Local Transport Plan sets out the County's rail strategy, including the following objectives:

- To maintain and develop local and long-distance services on the Cotswold Line, with half-hourly peak and hourly off-peak trains to Oxford/London and Worcester.
- To promote the construction of new stations to increase accessibility to the rail network.
- To work in partnership with Network Rail, TOCs, Town Centre Managers and associated organisations to promote stations as an integral part of the town centre economy, and where appropriate develop retail activities on stations.
- To provide, in conjunction with TOCs, easily understandable information about passenger services, and other key public transport links.
- To provide, in conjunction with TOCs and bus operators, easy to understand information on fares, rail tickets, add-on bus fares and through ticketing arrangements.
- Through partnership to bring about a significant modal split from the private car to rail.

The LTP also commits the County Council to work with partners to open a new station at Chipping Campden on the Cotswold Line.

3. The County Council is a founder member of the Cotswolds & Malverns Transport Partnership (and currently provides the Chair and Secretary to the Partnership), which brings together local authorities, rail enterprises and passenger groups to promote the upgrading of the Cotswold Line in order to provide increased capacity to cater for passenger growth which cannot be accommodated within the current infrastructure constraints.

COTSWOLDS AND MALVERNS TRANSPORT PARTNERSHIP

4. The Cotswold (and Malvern) Line from Oxford to Hereford runs through three English regions, serves five counties and trains are provided under three franchises. It is of strategic importance to the cities of Hereford, Worcester and Oxford and a vital link for communities such as Moreton-in-Marsh, Evesham, Malvern and Ledbury, providing their link to London. It is important for local people, tourism and businesses, carrying over five million passengers/year.

5. In the Beeching era the line was threatened with closure; long sections were downgraded to single track, signalling was rationalised and train services reduced. As a result, when passenger traffic increased again the capacity of the line was constrained by the inflexible infrastructure. In the new millennium the maximum possible number of trains is being squeezed along the line, yet overcrowding is a regular occurrence. Because the line is operated at the limits of capacity, the slightest irregularity has a knock-on effect on reliability that can last all day.

6. The Partnership was created in 1998 after the Cotswold Line Promotion Group took the initiative to produce a study of the line's problems and opportunities. Members include all the County Councils, several District Councils, Network Rail and the three TOCs and the CLPG. It has commissioned and financed studies by consultants Oscar Faber and Halcrow, which have studied the benefits of upgrading the line, and identified a number of schemes which are capable of addressing the problems. Whilst the ideal solution of full redoubling and resignalling throughout might cost £200–250 million, significant benefits can be achieved by more modest schemes to increase the lengths of the double track and improve the signalling.

7. The Oscar Faber study identified a £100 million scheme, and the Halcrow work a £50 million phase one, which would achieve more capacity, better reliability, time saving for existing passengers, generation of new passengers (with decongestion and road safety benefits), reduced overcrowding and wider economic

generation and tourism benefits. The Net Present Value of the benefits was £51.3 million, giving a benefit/cost ratio of 1.32. Operating costs would increase by £465,000/year, but 123,700 extra passengers would be generated bringing in additional revenue of £620,000 (year 2000 prices).

8. Whilst the TOCs are able to support these aspirations, there is no business case for their financing the capital investment that is required. Neither is there a business case for Network Rail investment, even if this were possible in the current circumstances. Major funding must come from national and local government by grant from the Strategic Rail Authority and investment of Local Transport Plan funds (although DTp rules prevent these being invested in rail infrastructure at present).

9. It is recognised that the current situation on the railways means that even this Phase one must be achieved incrementally. It proved possible to devise a timetable offering a regular-interval hourly service for most of the day, and seven extra trains/weekday, supported by infrastructure upgrades estimated to cost £12–£15 million, which could have been achievable in 2005–06. This fitted in with the important Worcester area IOS improvements in the SRA's Strategic Plan, and were within scope of a bid for Rail Passenger Partnership (RPP) funding.

10. The Partnership had hoped to lodge an RPP bid in 2002, but the Railtrack crisis and the SRA's decision to suspend the RPP scheme due to funding constraints ended this aspiration. The SRA was able to finance a VISION modelling study of the line, which identified that the introduction of 125 mph stock would make possible an hourly off-peak service between London Paddington and Hereford within the current infrastructure constraints, though this timetable would not be particularly robust to the effect of disruption and delay. One modest investment which could improve the robustness would be the replacement of the token block working between Moreton and Worcester by an automatic block system such as axle counters. However the SRA did not have the funds to even commission a study which would have identified the cost of such a project to a high degree of certainty.

11. The proposal for the use of 125 mph trains to provide the whole service on the line came from the SRA's decision to award a two-year Thames franchise in 2004, to cover the period from the expiry of the existing Thames franchise to the creation of the new Greater Western franchise in 2006. First Great Western (FGW) made public their plans to bid for the two-year franchise on the basis of using their Adelante 125 mph trains to provide most of the service on the Cotswold line, replacing the Thames Turbo 90 mph stock.

12. Although FGW were awarded the two-year Thames franchise, their improvement plans were compromised by the SRA declining to provide sufficient funding to lease enough High Speed Trains (HST) for Wales and West of England services to release all the Adelantes to the Cotswold line. Thus a draft new timetable for December 2004 implementation has been produced which provides only a two-hourly Adelante service between London and Great Malvern, with some intermediate shuttle services Oxford-Great Malvern using Thames Turbo trains, a very retrograde step.

13. It can be seen that the Partnership's aspirations have thus far been thwarted by the institutional processes under which the railway operates and the financial constraints which affect all its decisions. The next opportunity to retrieve the situation will come with the award of the Greater Western franchise, and the extent to which this can incorporate improvements will be heavily conditioned by the outcome of the comprehensive spending review in regard to SRA budgets.

CONCLUSION

14. Whilst the Cotswold Line is undoubtedly a rural railway, it is mostly not a community railway as defined in the SRA consultation document "Community Rail Development". The only section to fall within this category is Great Malvern-Hereford (Shelwick Junction). However the County Council and the Partnership would argue that this section of line should benefit from an hourly or two-hourly through service to London and Birmingham, which would place it outside the category of a community railway.

15. The Cotswold Line presents a microcosm of the sort of issues that local authorities have to wrestle with in seeking to embrace the railways within their transport strategies.

April 2004

Memorandum by the Tyne Valley Rail Users' Group (RR 06)

RURAL RAILWAYS

The Tyne Valley line, which runs between Newcastle and Carlisle, is 55 miles long, and runs through urban, commuter and rural areas. It is used for commuter, leisure and shopping journeys, as well as for connections with long distance services at Newcastle and Carlisle. The line has considerable potential to serve an expanding tourist industry centred on Hadrian's Wall, a World Heritage Site. According to Arriva Trains Northern, the number of journeys made in 2003 exceeded 1.1 million. Given that this was achieved

despite a prolonged industrial dispute, considerable disruption due to infrastructure and rolling stock problems, and a quality of provision that falls far short of reasonable passenger expectations, one can only speculate at the numbers that could be realised given a better service and rolling stock.

The central argument of this response is that there is too much traffic on rural roads, too many parked cars in our towns and villages, and that an attractive and efficient system of public transport is essential to counter this. Rural railways are an important component of an integrated public transport system.

Given the short period available for response to this consultation, this response is not as comprehensive as we would have wished.

THE IMPORTANCE OF RURAL RAILWAYS TO THE COMMUNITIES THEY SERVE

The ever increasing traffic levels in rural areas brings about a number of serious problems that plague the affected communities. These include the following:

- The speed and weight of traffic, which is unpleasant and which discourages walking and cycling. It also disturbs the very peace and tranquillity of rural areas that leads visitors to come in the first place.
- Congestion, particularly at school starting and finishing times, and at peak times for commuters.
- Parking problems, which cause serious problems for pedestrians, especially those with pushchairs or in wheelchairs who can be forced in to the road, and which can block roads to large vehicles. So far, the only consequence in this locality has been that the refuse collection vehicle has been unable to access properties along the affected roads, but if an ambulance or fire appliance was obstructed, then the consequences for life and limb could be serious.
- There is also evidence of social exclusion in rural communities affecting those without access to a car or, increasingly, those too old to drive.

There is plenty of evidence that it is local journeys that clog up the roads and railways.

The North East Regional Transport Strategy calls for a carrot and stick approach to promoting public transport use and limiting the increase in road traffic. The imposition of significant sticks at a national level appears to be politically unpalatable despite the success of the congestion charge in London. Unfortunately, the carrots on offer are also pretty measly, with the quality of public transport being far too inferior to be a significant competitor to the car in meeting peoples transport needs.

Given this background, we would assert that railways are vitally important to rural areas as part of an integrated public transport system.

THE PROSPECTS FOR INNOVATIVE APPROACHES TO THE FUNDING AND MANAGEMENT OF SUCH RAILWAYS

We would urge local specification and funding for local services. At present, the SRA specifies everything and seemingly listens to nobody. Some decisions, eg, the withdrawal of direct Saltburn-Newcastle services, have attracted considerable criticism, which has simply been ignored.

The local management of rural rail services, eg, by microfranchising, is to be encouraged. We welcome the consideration of this in the SRA's Community Rail Strategy consultation draft.

PTE's have some powers to specify and fund rail services. We believe that this should be extended to transport authorities, especially at a regional level. Traffic and transport problems often occur across local authority boundaries, and need cross boundary solutions. These cannot credibly exclude rail travel as a component of an integrated public transport system. Given the SRA's near-exclusive focus on long distance and London commuter services, it is difficult for rural railways to play their part.

THE PROSPECTS FOR TRAFFIC GROWTH ON SUCH RAILWAYS

At present, the quality of provision and delivery is too poor to meet the needs of many people. Timetables are designed for the convenience of the operator, often making the service irrelevant to potential users. If the railway can't get people to work on time, get them to services when they are open, or get them back from an evening at the theatre, cinema or concert hall, then it might as well not exist.

Punctuality and reliability is poor. This means that passengers cannot depend on reaching their destination or connection in time.

The quantity and quality of rolling stock is inadequate. This results in a poor journey experience and regular overcrowding.

THE IMPACT OF MEASURES SUCH AS BUS SUBSTITUTION FOR RAIL SERVICES

There is ample evidence that substitute bus services simply don't work. They are unpopular with passengers, who elect either to drive or not travel at all. Evidence comes from the bus services established to replace rural branch lines that were closed. More recently, when the Morpeth-Chathill service was withdrawn at the time of the Arriva Trains Northern driver shortage, few of its regular passengers availed themselves of the replacement bus service. They returned when the rail service was restored.

RAILWAYS AS PART OF AN INTEGRATED PUBLIC TRANSPORT SYSTEM

One question that the committee does not ask relates to the value of railways that are properly integrated with other modes of transport. At present, bus and train often compete.

There is enormous scope for integration between bus and train. This scope is recognised by Northumberland County Council, which has recently been awarded a large Rural Bus Challenge Grant under the heading "Bus meets Train".

The Tyne Valley railway line should be the backbone of any integrated public transport system. The route is fixed, and extra stations are unlikely, but frequency of services and stopping patterns could be enhanced.

Bus routes can be modified to integrate with rail services, but the track record of the industry in achieving this is poor. An outstanding example of this is the new interchange at Hexham, where few buses appear to go.

At present, there is no integration between bus and rail in the Tyne Valley. On the contrary, the 602, 604 and 685 bus routes compete with the train. This means some places have only limited options and has left some communities (eg, Gilsland and Greenhead) with very little service at all.

A more sensible arrangement would be for bus and train to do what each does best, and to cooperate to secure real benefits for passengers. Even with antiquated infrastructure, the train can travel between Newcastle, Hexham and Carlisle in a time that no bus service can match. The bus, of course, can go to settlements remote from the Tyne Valley line. Put the two together and a winning combination can be achieved.

Examples of how this would work locally are not difficult to find.

- In Prudhoe, the 604 terminates tantalisingly short of the station. A short extension would see it provide an easy connection for passengers.
- For people at Mickley, Branch End and Birches Nook, the 602 currently passes their front door and could provide an easy connection to Stocksfield station, which the bus also passes.
- At Corbridge, the station is south of the river, while the main settlement is to the north. Both are linked by the 602 route.
- Greenhead and Gilsland are now left out by the 685 in a bid to save a few minutes off its end-to-end journey time. A good connection at Haltwhistle could see public transport links to these villages restored.

None of this requires major change to existing services. Even without integrated ticketing, real benefits to Tyne Valley residents would result. Of course if we could find a way of doing the job properly, ie, with coordination of the timetables, integrated ticketing and effective marketing, the attractiveness would be that much greater.

In conclusion, we would acknowledge that we are very lucky to have the railway line through the rural areas of Northumberland and Cumbria—it certainly wouldn't be built today. However, as it exists, it is definitely worth making the most of. The value of rural railways in promoting social inclusion and combating the continuing increasing traffic levels cannot be over emphasised.

April 2004

Memorandum by North Cheshire Rail Users' Group (NCRUG) (RR 07)

RURAL RAILWAYS

1. INTRODUCTION

1.1 NCRUG are a voluntary group affiliated to Rail Future, formerly the Railway Development Society, (RDS). It is dedicated to monitoring and improving rail services on the North Cheshire Line between Chester/Ellesmere Port and Liverpool/Manchester. Chester/Manchester services are operated by Arriva Trains Wales as part of the Wales and Borders franchise and Ellesmere Port/Helsby and Frodsham/Runcorn Main Line by First North Western as part of the Northern franchise.

1.2 NCRUG are proud to be one of the few Rail User Groups to be members of the Association of Community Rail Partnerships (ACoRP), resulting from their work at Helsby and Frodsham stations and, latterly, Runcorn East station. As a result of NCRUG's efforts Helsby has won the Best Kept Station award for 2003, and helped Frodsham to receive the "Cheshire in Bloom" award in 2002.

1.3 NCRUG is dedicated to improving station gardens and buildings on the North Cheshire Railway line.

1.4 NCRUG is lobbying rigorously for the re-introduction of full services on the Ellesmere Port to Helsby line and to Liverpool via the Halton Curve which currently has a Parliamentary train operating one way services 18 times per year.

2. OBJECTIVES

2.1 *Increased passenger volume and income*

2.1.1 Current activities. NCRUG have worked with local authorities, the "Frodsham Forward Partnership" and the Train Operating Companies, (TOCs), to improve the station environments at Helsby, Frodsham and Runcorn East. This has been achieved by regular working parties planting bulbs and bedding plants, removing undergrowth and creating ownership of Frodsham station by means of an "Art Plaque" project working in conjunction with a local school. We have obtained funding from various sources both inside and outside the rail industry. Our activities have received local publicity which, we believe, has helped to promote passenger growth. This, in turn, generates more income. NCRUG has detected, through footfall figures, areas where revenue protection needs to be stepped up and has worked with the TOC to remedy this situation. NCRUG predicts that adoption of the community railways strategy proposed by the SRA in its consultation paper will improve, significantly, involvement of the local community in its railway thus leading to increased volume and income.

2.1.2 Halton Curve. The local community is aware that journeys by rail to its nearest major city, Liverpool, takes 75 minutes via Warrington (28 miles—45 kms), or 90 minutes via Chester, (25 miles—40 kms), whereas before the Halton Curve was taken out of service the much shorter (16 mile—25.75 kms) journey took only 29 minutes, stopping at all six stations en route. For this reason passengers tend not to travel to Liverpool by train preferring to use their cars and risk lengthy and uncertain journey times over the Runcorn bridge. This adds to the already serious congestion and pollution in the area. The reinstatement of the Halton Curve will, in our view, contribute massively to passenger and income growth because a large new market will be opened up. Later in this report we explain this new market in more detail.

2.1.3 Ellesmere Port/Helsby Line. Presently only four trains per day run in each direction. Furthermore departures from Ellesmere Port are at 06.32, 07.02, 16.04 and 16.34 and from Helsby at 06.16, 06.46, 15.48 and 16.21. Nobody can be expected to use such a "service" as it does not fit any work or leisure patterns. This line has been designated as part of the new Northern franchise even though it is not conjoined to the rest of this franchise. At the Ellesmere Port end is the Merseyrail franchise and at the Helsby end the Wales and Borders franchise. This does not auger well for the line's future. On the other hand considerable new residential housing has been built in Elton, (one of the stations on the line). A possible park and ride site, at the RoadChef Motorway Service Area (MSA), on the M56/A5117 junction, with full retail facilities, has been built since the line lost its regular service. This MSA is just 1.2 miles (1.9 kms) from Ince and Elton station and has the added advantage of allowing entry from both the Motorway and the local road network. With good marketing and some funding these two developments would persuade many local people to use the train instead of their cars and motorists to avoid major areas of congestion by changing to the train for part of their journey. RoadChef have expressed interest. We understand Merseytravel/PTE are examining the advantages of a Community Rail Partnership on this line. However, these possibilities all require a much improved service over that currently in place, to allow any of these proposals to be taken forward.

2.2 *Manage down the unit costs of running the lines*

2.2.1 We concur with the comments made by the SRA in its consultation paper on a strategy for Community Railways, (February 2004) under Section five. We have no doubt the committee is already fully aware of the detail in the SRA paper and do not, therefore, intend to take up the committee's time by repetition here.

2.2.2 The only further comment we wish to make is to refer to ACoRP's response to the Railway Industry Review where, under item 11 (Rolling stock issues), they suggest a not-for-profit rolling stock company sponsored by the SRA, ROSCOs and local authorities/PTEs, making best use of rolling stock which comes off lease. Extremely high leasing costs of rolling stock seriously inhibit the introduction of new services, (Ellesmere Port/Helsby), and the strengthening of those already in existence. Notwithstanding this we understand there is a temporary shortage of rolling stock but that this will ease as new stock is commissioned.

2.3 *Involving the local community in the development of its railway*

2.3.1 The North Cheshire line is in close proximity to many tourist and recreational attractions which a Community Railway seen to be “owned” by local people could exploit. The Sandstone Trail, Delamere Forest, Anderton Boat Lift, Marbury Country Park, The Boat Museum, to name but a few, would all benefit from a Community Railway fully integrated with buses timed to meet trains and vice versa. Walking and cycling should also be encouraged. This is possible with local involvement and the will to “make it work” which a Community Railway would engender and which is not always present when services are fragmented and not managed at local level. NCRUG are in contact with Vale Royal Tourist Association and one of our members sits on the County Council Rural Recovery Board. Such organisations are better motivated if they believe their aspirations have a chance of implementation; they perceive their strengths are greater at local level than at national level.

2.3.2 Being members of ACoRP we are aware of the advantages of Community Rail Partnerships even though we are not directly involved with one on our line. Sharing best practice and moving away from the policy that “one size fits all”, allows innovation and cost savings to be made.

2.3.3 In a sense we feel we have already adopted Frodsham and Helsby stations and, by so doing, have added substantially to their attractiveness and appeal to the travelling public. It is important that people feel comfortable when waiting for their train and an attractive, cared for, station helps considerably. NCRUG have endeavoured to create this feeling at these stations.

2.3.4 Frodsham and Helsby stations have attractive, but unused, station buildings. NCRUG have been frustrated in their efforts to firstly determine ownership and secondly obtain permission to seek alternative uses for the buildings. We understand one of the buildings on Helsby station is now under negotiation which we welcome. Occupied buildings overcome the impression of neglect and also assist security and the prevention of vandalism and loutish behaviour. Local management would speed up this process. We are working with Frodsham Forward in this regard.

2.3.5 Few of the improvements we are striving for can take place without funding and it is in this area that NCRUG feels a “local rural” railway can tap into resources not always open to the main network. By bringing together local stakeholders, who have a vested interest in a good railway, funding streams can be found to effect the improvements needed.

2.3.6 Local management is likely to be more flexible and have a quicker response time when dealing with day to day issues. Communication and management decisions are speeded up and people tend to be better motivated. Local control of the punctuality regime would enable on the spot decisions to be made to improve connections without incurring a penalty; passengers’ interests, therefore, become paramount thus increasing their confidence in using the service.

3. PROJECTS WHICH COULD BENEFIT FROM NORTH CHESHIRE LINE IMPROVEMENTS

3.1 Liverpool South Parkway at Allerton is in the early stages of construction and is expected to be operational in 2006. This is an Interchange for Merseyrail, Transpennine, East Midlands and East Anglia rail services. It will provide a dedicated bus link to Liverpool John Lennon Airport as part of the airport’s Surface Access Strategy for reducing car parking. It will also be an interchange for buses and, in due course, Line three of Merseytram. This £16 million investment would be maximised if it is accessible to people in north Cheshire and North Wales which can only be achieved by reinstatement of the Halton Curve.

3.2 The Silver Jubilee Road Bridge between Runcorn and Widnes is seriously congested carrying 80,000 vehicles per day over two substandard carriageways. Cars account for 68,000 of this total of which 13,600 start and finish their journeys within the boundaries of Halton Borough Council. The comments made in 2.1.2 above are relevant to this issue.

3.3 The rapid expansion of Liverpool John Lennon Airport through the huge growth in budget travel would benefit from the improvements in rail services from south of the Mersey (refer 2.1.2 and 2.1.3 above).

3.4 LJL Airport is a major departure point for tourists visiting Europe but it is also an arrival point for tourists wishing to visit our area. Currently inward tourists have little choice but to hire a car if they wish to visit the attractions in north Cheshire, Chester and the North Wales resorts. Reinstatement of the Halton Curve rail link would provide this choice.

3.5 Liverpool City of Culture in 2008 will require significant improvements in public transport from south of the Mersey. Direct rail services from the area, with the exception of Runcorn, are non-existent at present. A reinstated Halton Curve would remedy this deficiency.

4. CONCLUSIONS

4.1 We consider good quality local/rural railways, managed at a local level, and allowing fully integrated multi-modal travel is sustainable and essential if people are to be persuaded to reduce car use, for the betterment of the environment.

4.2 We believe the prospects for innovative funding and management of local/rural railways are good.

4.3 We believe involving the local community in the development of local/rural railways will increase prospects for traffic and income growth.

4.4 Experience has demonstrated that bus substitution for rail services does not work. However, buses and trains working together to provide an integrated service are essential if people are to be persuaded to reduce their dependence on cars. Local control would enable this to happen. Differing local transport modes should co-operate with each other in providing seamless journeys to the travelling public. Bus and train operators should regard the car as their sole competitor.

4.5 Conclusions 4.1 to 4.4 will all have a beneficial effect on the area served by the North Cheshire Line. However, a full service on the Ellesmere Port/Helsby Line together with reinstatement of the Halton Curve are essential if the substantial long term benefits, referred to in 3.1 to 3.4 above, are to be realised. We submit that the short term costs of the improvements which we advocate should be viewed in relation to their long term benefits to the travelling public and the environment in which they live and work.

6 April 2004

Memorandum by Ludlow Rail Users (RR 08)

On your Inquiry into Rural Railways in this area, you will no doubt visit Ludlow where there is an excellent example of private enterprise—a rail travel agent providing both information and tickets. We should be delighted to meet you on your visit. The meeting at Shrewsbury is on the same date and time as our AGM.

- Since privatisation, imaginative management has greatly improved services on this line, giving us almost an hourly service to north and south; we hope this will continue with the new franchise. Our present experience, losing the service to London Waterloo and connections to Eurostar, raises questions. We are not sure whether this is as a result of the SRA only wishing one operator at each London terminal—which hardly leads to increased competition—or whether it is a dilution of rural rail services generally. The through train to Waterloo meant passengers from the Marches area could avoid the problems involved in crossing London.
- We have lost our direct services to the south coast; we hope that the direct service to the West Country will continue.
- We have requested a stop at Ludlow on the Monday-Friday 12.58 ex Manchester—14.41 ex Shrewsbury, due Hereford 15.32; so far, without success.
- Under our new franchisee, we very much hope that the through line from Cardiff to Manchester does not come under the auspices of the Welsh Assembly. The local English population does not appreciate timetables in Welsh on Ludlow Station, railway announcement and notices on this line should be in English.
- In rural areas, people use cars to get to their railway stations, well lit car parking areas, with an element of security—CCTV—are needed.

We trust that the Transport Committee, on behalf of rural constituents, will intercede with the relevant rail bodies on our behalf

Neil Ker
Chairman

14 April 2004

Memorandum by West Midlands Regional Assembly (RR 09)

RURAL RAIL

1. INTRODUCTION

1.1 The West Midlands Regional Assembly provides a coherent voice for the region on the economic, social and environmental well-being of the region, working in partnership with other agencies including the West Midlands Local Government Association, Government Office West Midlands and Advantage West Midlands.

The West Midlands Regional Assembly is also the Regional Planning Body, working closely with the region's local authorities to formulate and deliver a planning strategy that works effectively across the region ie Regional Planning Guidance.

Regional Planning Guidance incorporates the West Midlands Regional Transport Strategy, of which rail is a crucial component.

2. URBAN AND RURAL RENAISSANCE IN THE WEST MIDLANDS

2.1 Urban and Rural Renaissance are core components of the Draft Regional Planning Guidance for the West Midlands (RPG11).

2.2 Over half of the region's population lives within the four major urban areas (MUAs) of Birmingham/Solihull, the Black Country, Coventry and the North Staffordshire conurbation. The sustainable regeneration of these MUAs to create urban communities, where people may wish to live, work and invest is a regional priority.

2.3 Even though the West Midlands region is often characterised as urban, some 80% of the area is rural, with 20% of the region's population. The rural areas vary greatly in character as does the degree and nature of the actions they require in order to create stable, sustainable and attractive communities.

2.4 The transport network is fundamental for urban and rural renaissance, to create infrastructure and services that facilitate social and economic regeneration. The scale of the demand is greater in the MUAs, but the issues of integration and accessibility are similar in the rural areas.

2.5 An integrated public transport system, providing access to jobs and services is essential to provide access both within the MUA and to the neighbouring rural areas. The railways play an important role in this.

3. IMPORTANCE OF RURAL RAILWAYS TO THE LOCAL COMMUNITIES

3.1 Accessibility to services is important for all communities. Where rail services exist in the West Midlands rural areas it is likely that the community appreciates the benefits of this access to/from their area. This should be probed deeper by the SRA, through their consultation with stakeholders for the on-going West Midlands region Route Utilisation Study.

4. INNOVATIVE APPROACHES TO FUNDING AND MANAGEMENT

4.1 The West Midlands Regional Assembly has commissioned research into the opportunities for innovative approaches to funding and managing rail services including:

- the zero emission vehicle "Minitram" prototype that was trialled in Stratford in 2003;
- the Parry People Mover being considered (by Centro for the Stourbridge Town/Junction service) and the Bewdley to Kidderminster railway; and
- running light rail vehicles on existing railway lines between Coventry and Nuneaton.

4.2 The research is yet to be completed, however surveys carried out during the trial of the "Minitram" prototype show that 98% of respondents enjoyed using the service and thought it was appropriate for Stratford.

5. PROSPECTS FOR TRAFFIC GROWTH

5.1 The prospects for traffic growth on rural railways will vary from area to area, as does the character and the degree and nature of the actions required to create stable, sustainable and attractive communities.

5.2 The transport demands for some rural areas may be greater as they include the Rural Regeneration Zone (linking the regional settlements of Hereford and Shrewsbury) or key tourism/cultural assets such as Stratford-on-Avon, the Malvern Hills and the Severn Valley.

6. IMPACT OF BUS SUBSTITUTION

6.1 The rural transport network must be flexible and pragmatic. In some places the only transport offer will be the bus, not the train. While the Regional Transport Strategy requires the retention and development of local rail services it also requires enhanced public transport providing access to jobs and services.

6.2 It is understood that the SRA's West Midlands region Route Utilisation Study will identify places where the train is the most appropriate mode and other public transport modes should be pursued.

7. CONCLUSION

7.1 The WMRA welcomes the objectives of the SRA's Community Railways initiative to:

- Increase passenger volume and income;
- Manage down the costs of lines now and in the future; and
- Involve the local community more closely in the development of its railway.

7.2 However, it is difficult to understand how the SRA can embark on a review of a significant proportion of the rail network while the Government is undertaking an industry review and others within the SRA are already carrying out the West Midlands regional Route Utilisation Study.

7.3 The Community Railway initiative could lead to even greater fragmentation of the rail industry, introducing more elements of uncertainty and risk for those considering locations for investing in jobs and services.

7.4 Visitors are an important component of the rural economy and it this needs to be served by the appropriate public transport network. The potential of “competition” between conventional and “heritage” services, on the same railways needs to be considered in the round.

Danny Lamb
Strategic Transport Adviser

16 April 2004

Memorandum by Crewe & Shrewsbury Passenger Association (RR 10)

MEETING OF THE TRANSPORT COMMITTEE AT SHREWSBURY ON 21 APRIL 2004

The following points are to be considered as a submission to the Transport Committee.

Members of the Association are concerned that only lip service is being paid to Rural Railways. It is true that some improvements to rural services have been made but these are considered as a cosmetic exercise.

The new Standard Pattern Timetable proposed by Arriva Trains Wales for December 2005 will not cater for local traffic on the Crewe-Shrewsbury line. The proposed timings will not allow commuter journeys to be made. There are some good points in the proposed timetable.

The Association has made representation to Arriva Trains Wales and the Strategic Rail Authority suggesting improvements to the proposed service. Arriva Trains Wales are currently looking at our suggestions, these involve stopping some express trains to plug some of the gaps in service.

Residents in South Shropshire will have a far better service and greater journey opportunities than North Shropshire/South Cheshire residents. Both North and South Shropshire will lose the one remaining through service to London from May 2004.

The Re-Franchising process should be about service improvements, if the proposed timetable is implemented then the Crewe-Shrewsbury local services will see a reduction in services.

This will have the effect of reducing passenger numbers. We remain hopeful that Arriva Trains Wales will review their proposals.

I note that the Committee intend to travel to Chester, may I suggest that they return from Chester using the Chester-Crewe service and the Crewe-Shrewsbury local service, this service will give an excellent example of a rural railway.

The Crewe-Shrewsbury local service although on a 90 mph route actually meets the criteria for a Community Service.

Thanking you for the interest shown in the Crewe-Shrewsbury line and the Association.

John R Cresswell
Chairman

15 April 2004

Memorandum by English Welsh and Scottish Railway (RR 11)

RURAL RAILWAYS

INTRODUCTION

EWS is a major stakeholder in Britain’s railway and rail freight is the success story of railway privatisation. Since 1995:

- £1.5 billion has been invested by the private sector, and is continuing
- new equipment allows big efficiency gains for customers and all rail-users
- volume has grown by 50%
- rail has outpaced road, increasing market share: rail now has more than 10% of UK surface freight.

For its part, EWS has invested £500 million of its own funds in systems and equipment to underwrite this growth. State support over this period has been minimal and confined to the Freight Grants that have been suspended sine die since January 2003.

More important than this is the stake that our customers and their end-users have in rail. Many sectors of UK industry rely on rail freight, ranging from well-established customers that use rail to move bulk products, to a growing number of manufacturers and retailers of household products—the ready availability of which consumers take for granted.

Firms that rely on road alone for their supply chains are facing significant problems including road congestion, the Working Time Directive and continuing shortages of skilled HGV drivers.

“The cost of running a car has continued to fall while fares on public transport have risen sharply. Despite the Government’s pledge to lure people out of their cars, figures (by RAC’s Insure Motor Index) showed that motorists spent a weekly average . . . between April and June 1.7% . . . less than in the first three months of the year. It contrasts with large fare increases for rail and tube passengers this year.”

(“*The Independent*”, Monday 1 September 2003)

“Companies are facing an uncertain future as regards the reliability and costs of road freight services to supply their factories, warehouses, outlets and their customers. The pressures on road freight from regulations such as the Working Time Directive and drivers’ hours rules, increasing congestion, road user charging, fuel price increases and shortages of qualified, experienced drivers are not merely problems for UK road freight logistics but extend across Europe.”

(FTA: “*Information on key issues*”, updated 5 August 2003)

The SRA is proposing that a different approach is taken to the management and development of the Rural Railways in England and Wales. Its views are set out in “Community Rail Development. A consultation paper on a strategy for Community Railways, February 2004”.

Whilst EWS endorses a number of the SRA’s proposals it is concerned that the adoption of the strategy does not undermine the ability of the rail freight industry to operate now, or in the future, on routes that are critical for the freight business.

WHAT FREIGHT REQUIRES OF THE RAIL NETWORK

For rail to continue to serve UK industry and thus the wider economy and for rail’s role to continue growing, EWS requires a rail network with the following characteristics:

Flexibility

Customers expect rail to be responsive to changes in their needs and for the response to be rapid. This means that the rail network must be able to handle additional freight trains at short notice and over a range of routes.

Availability

Customers increasingly expect rail to be constantly available irrespective of time of day or day of week, on a 24/7 basis. This means that alternative through routes must be accessible when usual lines are not usable for planned or un-planned reasons.

Capability (1)

Customers expect to use rolling stock which is fit for purpose and which meets their needs. This means that wagons must have carrying capacities that meet the weight and dimensions of the loads they require EWS to move.

Capability (2)

Customers expect rail to be price competitive with road. This means that line speeds and timetable pathways must permit both customers and EWS to obtain the necessary high levels of utilisation of the assets used (wagons, locomotives, staff).

Access (1)

Customers have their own rail-served facilities—or share sites provided by third parties including EWS—across the rail network. These represent significant commitments to rail and continuity of access via them is essential for customer confidence and—often—the viability of the customers’ own activities.

Access (2)

Freight shares access with passenger operators on a significant majority of the lines listed in the SRA’s consultation document. As with the rest of the rail network, EWS has access rights that are enshrined in our Track Access Agreement and these rights are protected from unfair behaviour on the part of Network Rail and other train operators by the Rail Regulator. It is essential that EWS and our customers continue to enjoy this security throughout the rail network.

DO THE SRA'S PROPOSALS MEET FREIGHT'S REQUIREMENTS OF THE RAIL NETWORK?

EWS gives its broad support to many of the stated intentions that lie behind the SRA's proposals. All players in the railway industry should play their part in ensuring that capital and revenue expenditure on the network gives best value for money and is not wasted. EWS supports the SRA's aim of seeking innovative ways of achieving this and agrees that a reduction in the size of the UK rail network is not a realistic option.

In light of the points we make in section (2) above, there are specific issues raised by the SRA's consultation document that EWS would draw to the attention of the Committee:

New business

EWS supports efforts by groups such as Community Rail Partnerships and the Highland Rail Partnership to encourage greater use of rural railways by passenger and freight customers. The use of "cascaded" passenger rolling stock and freight locomotives (such as those owned by EWS) can offer a cost-effective means of providing additional capacity at times of peak demand.

Timetabling

In section 4.4 of their consultation document, the SRA suggests, "more flexible enhanced" timetables could be introduced to meet seasonal peaks in demand. EWS is concerned that many rural lines have modest infrastructure capacity and we warn against any over-intensity of service pattern where it could adversely affect freight train performance.

In section 5.5 of their consultation document, the SRA suggests that the penalty regime might be relaxed to allow passenger trains to be more readily held for connections. EWS is concerned that this would result in out of course running of passenger trains on rural lines. Since many have modest infrastructure capacity to absorb late running, there could be a knock-on impact on the time keeping of freight trains. Late running may be of little consequence to some passengers but if it should inconvenience a single freight customer, the result may be the eventual loss of an entire freight flow.

Track maintenance regime

In section 5 of its consultation document, the SRA suggests that infrastructure maintenance costs may be reduced through the adoption of variances from national Group Standards, with the help of risk-assessments, and through improved day-to-day attention to track. Whilst this may have some benefit it should be understood that the provision of infrastructure is only a small part of the cost of operating the Rural Railway. That said, and subject to proper consultation, EWS supports these approaches in principle and we note, and welcome the fact, that the SRA makes no suggestion that cost savings would be made by reducing (i) line speeds and (ii) axle-loadings for freight trains. Such measures could damage rail freight's viability and result in a loss of business.

Light rail vehicles

In sections 5–10 and 5–11 of their consultation document, the SRA proposes the use of lightweight passenger vehicles (LRVs) as a means providing low-cost replacements for existing equipment and to afford savings in signalling costs. EWS is not convinced that such an approach would be compatible with the continuation of heavy-rail services such as freight. We have had recent experience where the extension of Metro systems has reduced freight capacity because of the need to provide additional operating margins.

Organisation structure

In section 4.6 of their consultation document, the SRA proposes that "local management" of rural lines would combine the roles of train and infrastructure operation and maintenance. In section 2.4, micro franchising is examined as a way of making rural lines more viable, while in section 2.5, the issue of devolving control to the Scottish and Welsh government administrations and to the PTEs. EWS vigorously opposes the vertical integration of train operation, track access and track maintenance. It is not in the interests of freight customers to rely on the goodwill of an incumbent operator for fair access over any part of the railway network. We will oppose the devolution of rural railway control if we believe it would encourage vertical integration.

We note that the SRA is careful to suggest a "simpler regulatory regime" be applied only to rural lines with no potential for freight (section 5.3). As an incumbent operator over most of the rail network, EWS would vigorously oppose any attempt to reduce the powers of the Rail Regulator on lines over which we operate or may operate in the future.

Interoperability

In section 3 of their consultation document, the SRA states that “Community Rail” designation would typically be given to lines that “do not carry international passenger or freight traffic via the Channel Tunnel”. EWS understands the view that EU interoperability would impose standards of operating and maintenance that are higher than necessary for rural lines and that it may be desirable for rural lines to be excluded from the “conventional network”, as set out in section 5.1.

EWS notes that the SRA qualifies its definition by the word “typically” (paragraph 4, section 3). EWS is concerned that flexibility is maintained as far as this aspect of definition is concerned: freight flows evolve over time and can change from shipment traffic (where the goods are handled via a UK port) to Channel Tunnel traffic (where the goods are moved direct by international freight trains).

EWS has a more fundamental concern over this issue: interoperability should not be regarded as applying only to international freight trains. It is the intention of the European Commission that access by domestic freight train services should be covered by interoperability. Referring to “international” freight traffic may be making a false distinction.

Freight and non-freight lines

In several sections in its document the SRA refers to lines “with no potential for freight” in the context of its proposals. In seeking to apply some measures solely to lines “with no potential for freight” the SRA rightly seeks to avoid adversely affecting freight interests. The market for rail freight continues to evolve and change its extent. At the start of the railway privatisation process, few anticipated the substantial growth in rail freight volume that would then take place.

Today, rail freight continues to find new customers and serve new locations both in “traditional”, “mature” markets such as construction materials, steel and petroleum products, and in “new” markets such as food and drink and other “FMCG”.

The SRA should also be aware that rural lines which are through routes (rather than branch lines) may have little or no regular freight services—but may serve a vital role handling diverted freight trains when usual routes are unavailable for whatever reason. The SRA should not assume that the absence of scheduled freight services will allow the introduction of operating or maintenance regimes that are unsuited to freight trains.

CONCLUSION

EWS generally supports the SRA’s proposals to increase the use of the Rural Railway and to encourage local participation.

We do, however, have a number of concerns that we will be lodging with the SRA as part of the consultation:

- A number of the routes listed in the SRA’s consultation are vital for existing freight traffic and have the potential for freight growth in the future.
- The SRA should revisit regularly its list of lines proposed for Community Rail designation as set out in Appendix C of their consultation document. This will help to ensure that changes in traffic levels are taken into account.
- The SRA should consult fully with EWS and other freight operators before allowing irrevocable changes to lines “with no potential for freight”.
- The SRA should recognise that freight operators’ rights to use the network are governed by legally binding track access contracts between them and Network Rail.
- Any changes to the capacity or capability of any part of the network must be processed through the industry change process contained in the Network Code.
- We would not support proposals that created vertically integrated lines or routes.
- It is for the Rail Regulator to determine any dispute under this process EWS hopes that the above comments may inform the Committee’s Inquiry. We would be happy to give oral evidence on the matters covered above if the Committee wishes.

Memorandum by Shropshire County Council (RR 12)

RURAL RAILWAYS

INTRODUCTION

1. Shropshire County Council represents a largely rural area bounded by the West Midlands to the east, and the deeply rural parts of Mid-Wales to the west.
2. There are 16 national rail stations within Shropshire, with Shrewsbury acting as both the hub of the local network, and also as a major railhead for both Shropshire and Mid Wales.
3. Of the rail routes that feed into Shrewsbury, those to Wolverhampton and Birmingham, to Crewe and Manchester, to Wrexham and Chester, and to Hereford Newport and Cardiff, can be classed as Inter-urban routes, but these routes also serve as important links to the rural communities based along the lines of route.
4. The remaining routes, the Cambrian Lines to Aberystwyth and Pwllheli, the Heart of Wales line to Llandrindod Wells and Swansea, are almost entirely rural in nature, and are vital to the communities along the line. As Chris Austin states in the SRA Consultation Document for Community Railways “these lines fulfil a key role in the local economy . . . and in some cases are the only form of public transport on offer”.
5. Shropshire County Council is committed to supporting the rail links within and through the County, and welcomes any initiative which will help to retain and improve services and facilities for rail users.

SHREWSBURY TO WOLVERHAMPTON AND BIRMINGHAM

6. This route is well served by both Arriva Trains Wales and Central Trains services, jointly providing a service half-hourly from main stations, and links Shropshire with the West Midlands for commuting and business.
7. A joint project in 2001 between (then) Railtrack and Central Trains to raise the line speed on this route to 90mph was aborted, and does not now seem to be considered important by Network Rail.
8. The Network Rail Business Plan for 2004 shows that large parts of this route are to receive signalling and trackwork renewals during the year, at significant cost, but the small additional costs involved in delivering the speed improvements are not to be included.
9. These line speed improvements would have enabled better connections to be maintained at Birmingham, reduced journey times, and would enable operators to make more productive use of units. Shropshire County Council believes that these improvements are important to ensuring modal shift from the already congested A5/M54 corridor.

SHREWSBURY TO BIRMINGHAM, INTERNATIONAL, AND LONDON EUSTON

10. Shrewsbury is currently the only large county town in England without a direct service to London.
11. The Shropshire Strategic Rail Group is working with Virgin Trains towards creating a sound business case for the restoration of a through service to London, by whatever means the rail industry finds possible and affordable.
12. A through service to (and from) London is considered vital to continued economic growth for the rural areas of Shropshire and Mid Wales, and to the growth success of Shrewsbury and Telford. It is to be remembered that a through service FROM London to Telford and Shrewsbury is almost more important than the service TO London.

SHREWSBURY TO HEREFORD, NEWPORT AND CARDIFF

13. The services along the Marches line corridor also include several services to West Wales and the West of England. Until this timetable, there was also a service from Manchester to London Waterloo, via Bath, Woking and Clapham Junction. This service was not included within the services specified by the SRA when the franchise was awarded to Arriva Trains.
14. The service was not subsidised, and was well used—especially by the elderly and those with a fear of changing trains, and of crossing London by tube. It gave a facility to access the south and south east of England with ease, and also provided a connection to Eurostar services at Waterloo.
15. There is strong feeling that the usefulness of this service was ignored by the SRA, for the sake of compliance with the “One Operator” regime for London termini.
16. Shropshire CC believes it would be possible to reinstate the effectiveness of this service, by joint operation with South West Trains, to provide a back-to-back service within each others franchise limits but with a through unit thus creating a virtual through service for users.

SHREWSBURY TO CREWE AND MANCHESTER

17. Through services on the northern part of the Marches route provide easy connections at Crewe for a variety of destinations, and with through trains to Manchester provide a direct link with the “capital” of the North.

18. Stopping services for the largely rural stations between Shrewsbury and Crewe are provided by a mixture of a basic two hourly all-stations service, supplemented at peak times by stops on express services at the three larger towns of Wem, Whitchurch and Nantwich.

19. This pattern has evolved over many years to serve the requirements of the users on the route, and provides commuting opportunities to and from Shrewsbury, Manchester and beyond, and also covers local school travel and shopping requirements.

20. Arriva Trains Wales proposals for a Standard Pattern Timetable for December 2005 remove all stops on express services and rely wholly on a single unit working shuttling between Shrewsbury and Crewe to create a basic fixed two-hourly service.

21. Whilst undertaking the service provision with the barest minimum of equipment, and with operational needs paramount, this in no way meets the needs of the users. It effectively destroys any commuting opportunities to Shrewsbury (by restricting homeward trains to 16:44 then 18:44 from Shrewsbury) and makes longer distance commuting impossible by service and poor connections.

22. We would urge Arriva Trains Wales to reconsider the way it provides service for rural users on this line, to create a service that is effective, fit for purpose, and that can be marketed to the communities served.

SHREWSBURY TO WREXHAM AND CHESTER

23. This route is set to benefit greatly from the Standard Pattern Timetable proposed by Arriva Trains Wales, and Shropshire CC would welcome the introduction of this proposal as far as this route is concerned.

24. The route is suggested for inclusion as a Community Railway within the consultation currently under way by the SRA. Although it meets some of the criteria for a Community Railway as outlined by the SRA, it is felt that the route should more rightly be considered as an Inter-Urban route.

25. The Arriva Trains Wales Standard Pattern Timetable proposes long distance services via this route, from Birmingham Cardiff and the West of England, to Holyhead, and the classification “Inter-Urban” is contained within their own timetable proposals. Indeed, the SRA has agreed the basis of this timetable, so is at odds with itself concerning this designation.

26. Shropshire CC proposes that the route be excluded from the list of lines to be classified as Community Railways.

27. This should not affect the existing Community Rail Partnership which already exists for the line, which can continue to promote and market the line to local users and residents.

CAMBRIAN LINES

28. This route also has an existing and very effective Community Rail partnership. Surprisingly the section from Shrewsbury to Aberystwyth has already been excluded from the lines proposed for inclusion as a Community Railway by the SRA.

29. The service is restricted to two-hourly due to infrastructure constraints. Proposals exist to augment the infrastructure to permit an hourly service to operate on the route, and funding has been earmarked for many years by the Welsh Assembly to undertake the necessary work.

30. Shropshire CC urges the Committee to push for the infrastructure work to be commenced, as an hourly service will go a long way towards providing regeneration for the area of central Wales, and assist with overcrowding on existing services.

THE HEART OF WALES LINE

31. This route, from Shrewsbury to Swansea via Llandrindod Wells is the truly rural railway.

32. Running for 120 miles and linking some very sparsely populated areas, it is a lifeline for many of the often remote communities that are dotted along its line of route.

33. As a tourist line, it runs through some of the most spectacular scenery, and is popular with sightseers, ramblers, and others who wish to visit the beauty of the remote countryside.

34. The route is served by four trains each way per day, with two on Sundays, one of which has been funded from Welsh Assembly and English and Welsh Local Authority contribution.

35. These timings of these four services are severely constrained by the need to operate them with a limited number of resources provided from either end, changing over mid-journey. As a result, they do not always provide for the needs of the communities, with very large gaps in service as a result.

36. There is an urgent need to establish how a better form of service could be provided on the line, maybe by basing trains and crews at a point on the line itself. This would eliminate unproductive running at the beginning and end of the day, and hopefully provide a more consistent service which meets the commuting, school and shopping needs of users as well as providing tourism opportunities for those from outside the area.

37. Again, a very effective Community Partnership exists for the line, under the title of the Heart of Wales Forum. The Forum is well represented and has achieved some notable marketing and promotional successes. The web-site is innovative, and receives regular hits from across the world. (www.heart-of-wales.co.uk)

Dave Koring
Rail Development Officer

16 April 2004

Memorandum by the Association of Community-Rail Partnerships (ACoRP) (RR 13)

RURAL RAILWAYS AND RURAL COMMUNITIES: A VITAL PARTNERSHIP

We are delighted that the Transport Committee is addressing the issue of Rural Railways. We attach our response below, divided into three parts:

1. An introduction to the work of ACoRP and community-rail partnerships.
2. An outline of the social, economic and environmental case for rural railways.
3. A summary of the issues which need to be addressed.

PART 1: THE COMMUNITY-RAIL PARTNERSHIP MOVEMENT

The Association of Community-Rail Partnerships

- Founded in 1997—UK-wide network of community-rail partnerships.
- Initially about 12 member organisations—now over 40.
- Company limited by guarantee (not for dividend).

Our core aims are:

- Integration of rural transport.
- Promotion of sustainable development along rail corridors.
- Overcoming social exclusion in rural areas.

We are funded by:

- Countryside Agency.
- Strategic Rail Authority.
- ATOC.

... and a growing number of rail industry bodies including:

- Arriva Trains (Wales, Northern).
- First Group.
- National Express.
- Laing Rail/Chiltern Railways.
- Serco/Dutch Railways.
- Merlin Rail.
- West Coast Railway Co.
- Merseyside Passenger Transport Executive.
- Porterbrook.

We raise some of our income from conferences, sale of publications, and sponsored research.

What ACoRP does:

- Disseminates examples of good practice in rural rail development (*Train Times* magazine, Train on Line electronic newsletter, conferences).
- Organises seminars, briefing sessions.
- Publishes information (eg sponsorship of “Scenic Britain by Rail”).
- Organises training events.

- Offers development support for new partnerships.
- Influences policy/thinking on rural rail development (Rail Review, SRA consultations, other Government consultation eg Social Inclusion Unit).
- Influences national rural policy agenda.
- Develops innovative approaches to the operation and management of rural railways.

What are community-rail partnerships?

- A bridge between local communities and the railway industry.
- Catalysts for sustainable development along rail corridors in rural areas.
- A means of generating new business for rail.
- A means of providing better transport facilities for rural communities.

Who's involved?

- Train operators.
- Network Rail.
- Other transport operators.
- Local authorities.
- Rural development agencies (Countryside Agency, RDAs etc).
- Parish and town councils.
- Community groups, local businesses.
- Tourism agencies/providers.
- Schools, colleges.
- Other local stakeholders.

What do they do?

- Promotion and development of the line.
- Publish newsletters, leaflets, posters.
- Station adoption/development schemes.
- Organise activities which promote rail use (guided walks, special events, festivals).
- Develop bus-rail links.
- Cycle projects.
- Link railway with local projects/initiatives.
- On-train events (Santa Specials, Music Trains, Poetry Workshops).
- Involve and support local railway staff.

What have they achieved?

- Sense of community pride in “your” line or station.
- Increase in passenger numbers/revenue (134% growth on Bittern Line in last six years).
- Improved services and facilities at stations.
- Reduction in vandalism at stations (community art projects, involving young people).
- New freight services (eg Highland Line).
- Integrated transport links (bus, park and ride, cycling and walking).
- Introduction of Local Residents’ Railcards—making local travel affordable.
- Improved access at stations for mobility-impaired users.

ACoRP: recent initiatives:

- Responses to consultation on SRA strategies; Cabinet Office Social Exclusion Study, Secretary of State’s Rail Review.
- Re-launched magazine—*Train Times*.
- Annual study visit to European regional networks.
- “Parish Platforms” (work with parish and town councils on local rail issues).
- Gateway Stations Project (developments at 12 market town stations—see below).
- Rail Safe Centre (rail safety awareness for children—on our site at Huddersfield. Currently at development stage).
- Station Design Group—encourages good practice in smaller station design and operation, bringing CRPs together with architects, planners and developers.

- Rolling Stock Group—focuses on innovation in design and operation of trains for the rural/secondary network, including light rail.
- Great Scenic Journeys by Train booklet.
- Involvement in SRA “community-rail development strategy” consultation.

An outline of Community-rail partnerships

Community-rail partnerships (CRPs) have been around for over 10 years now, and one of the first was the Devon and Cornwall Rail Partnership based at the University of Plymouth. The concept of CRPs is simple: a flexible and informal partnership which brings railway companies, local authorities and the wider community together to promote and develop the local rail service. The results have been impressive: doubling of passenger use on some rural lines; improved services; better integrated transport links. Several of the Cornish branch lines now enjoy Sunday services in Winter for the first time in decades, thanks to the work of the partnership. Heart of Wessex Rail Partnership has initiated a station refurbishment project at Bruton, and local publicity.

CRPs are not narrowly focussed on the railway and most are involved in integrated transport projects. The Penistone Line Partnership not only runs a community bus service linking Holmfirth with the railway, it also manages a rural car club. Other CRPs promote bus links to/from stations, particularly in popular tourist areas like the Norfolk Broads and Peak Park. Encouraging cycling and walking access to stations is another important area of their work.

Many CRPs organise fun events—station galas, live music on trains, and guided walks from stations. These activities add up to a very positive image for the local railway, with people seeing it as part of their community. This is reflected by steadily increasing usage of the lines. Whilst growth on the Bittern Line is exceptional, it is not unusual to see CRP rural lines experiencing year on year growth of around 10–20%. Several CRPs have helped make local rail travel cheaper by introduction of Local Residents’ Railcards, offering discounts of up to 50%. This is of enormous benefit to low income families in rural areas. Many CRPs have progressed small-scale schemes to improve access to/from stations, pulling in external funding to install ramps and in some cases lifts at stations.

Some of the most effective work of CRPs is in publicity. The Devon and Cornwall rail Partnership, with Wessex Trains, publishes a general brochure on the local rail network of Devon and Cornwall as well as information sheets on individual lines, each having their own branding (eg “Tarka Line” for the Exter-Barnstaple route).

Some CRPs have publicity on particular themes, eg the Penistone Line Partnership’s “Rail Ale Trail” published with Arriva Trains Northern, which shows a range of pubs accessible from the line. ACoRP is sending a selection of this literature to the Committee.

Several CRPs have interest in developing freight. The Highland Rail Partnership worked with EWS and local businesses to bring rail freight back to the Far North Line. CRPs in Wales are actively involved in development plans for freight on a number of routes including Conwy Valley.

Independent railways

ACoRP has several “independent” rail operators in membership—Wensleydale Railway, Dartmoor Railway, Swanage Railway, Weardale Railway, and Llangollen Railway. Some are coming from a “heritage” perspective but want to operate services for the local community. Others, like Wensleydale, are new initiatives which aim to combine services for local people and tourists. The Dartmoor Railway has freight use as well as tourist services. Their experience is enormously useful for identifying real costs (eg infrastructure, operating) and we would urge the Committee to examine these railways in some detail.

The role of ACoRP

ACoRP provides information and support to its member CRPs and also initiates new projects. We are currently helping set up new community-rail partnerships in the North-East, West Wales, Kent and East Anglia. We have a small grants fund which we use to support local initiatives, eg community information, improved access, cycling facilities and publicity.

A new ACoRP project is “Gateway Stations”, funded by the Countryside Agency and Rail Passengers Council. It is linked to the Agency’s Market Towns Initiative and focuses on 12 market stations in England. Examples include Hexham, Crediton, Craven Arms, Frodsham and Sheerness. The project aims to strengthen links between the station and its town/village and wider hinterland through better transport links (including walking and cycling as well as bus and park and ride) and better station facilities. The project has already led to improvements at several stations—signage, information, and improved passenger facilities.

ACoRP works closely with its funders at the SRA, Countryside Agency and the railway industry. As well as our developmental role we have an important job in constantly putting a positive case for rural rail to Government, the media and other opinion formers.

We are championing the approach of local management for rural railways which will bring the sort of targeted approach which is vital for these lines to achieve their full potential.

External funding

A major strength of CRPs has been their ability to attract external funding for small-scale projects. This has included Countryside Agency funds, Regional Development Agency grants and EU funds. However, the loss of the SRA's Rail Passenger Partnership (RPP) scheme was a major setback for our work and we would be very keen to see it restored in some form. We have proposed to the Rail Review a "Local Integrated Transport Challenge" fund to support small-scale schemes which encourage transport integration—rail/bus/car/cycling/walking/ferries.

A record of achievement

Community-rail partnerships are an effective, low-cost means of winning significant improvements. They can work in a range of environments—rural, semi-rural and even urban. They are not restricted to the proposed "community railway" routes designated by the SRA and can be highly effective even on main lines or on TENS routes which may have several rural stations en route (eg Crewe-Shrewsbury, Norwich-Ely, etc).

. . . But an uncertain future

Community-rail partnerships, and ACoRP, need long-term stability to survive. The run-down of The Countryside Agency and uncertain future structure of the railway industry could jeopardise their work. They need a combination of backing from central Government, local authorities and the rail industry.

Members of ACoRP

Bittern Line Partnership (Norwich-Sheringham)
 Bristol-Weymouth Rail Partnership
 Cambrian Railways Partnership (Shrewsbury-Aberystwyth-Pwllheli)
 Campaign for Borders Rail (Edinburgh-Carlisle)
 Community Transport Association
 Conwy Valley Rail Initiative (Llandudno-Blaenau Ffestiniog)
 Cotswold Line Promotion Group (Oxford-Hereford)
 Dartmoor Railway (Crediton-Okehampton)
 Derwent Valley Rural Transport Partnership (Derby-Matlock)
 Devon and Cornwall Rail Partnership (all Devon/Cornwall branches)
 Durham Rail Partnership (Bishop Auckland-Darlington; Durham Coast Line)
 East Sussex Community-Rail Partnership (Uckfield-Oxted, South Coast/Seaford, Ashford-Hastings)
 Esk Valley Railway Development Co (Middlesbrough-Whitby)
 Essex and South Suffolk Community-Rail Partnership (Southminster, Harwich, Walton and Sudbury branches)
 Friends of Blackrod Station
 Friends of Handforth Station
 Friends of Saunderton Station
 Heart of Wales Line Forum (Shrewsbury-Swansea)
 Heritage Railway Association
 Highland Rail Partnership (all Highland lines)
 Hope Valley Rail Partnership (Manchester-Sheffield local services)
 Leeds-Morecambe/Lancaster Railway Partnership
 Llangollen Railway
 Penistone Line Partnership (Huddersfield-Sheffield)
 Purbeck Rail Partnership (Swanage Railway)

Ribble Valley Rail (Blackburn-Clitheroe)
Settle-Carlisle Railway Development Co.
Shakespeare Line Partnership (Birmingham-Stratford)
SwaleRail Partnership (Sittingbourne-Sheerness)
Sustrans
Shrewsbury—Chester Community-Rail Partnership
Weardale Railways Ltd (Bishop Auckland-Stanhope)
Wensleydale Railway Company
West of Lancashire Community Rail Partnership (Preston-Ormskirk and Wigan -Southport)
Wherry Lines Community-Rail Partnership (Norwich-Lowestoft and Great Yarmouth)
Wrexham-Bidston Rail Partnership (Borderlands Line)
Yorkshire Coast Line Rail Partnership (Hull-Scarborough)

PART 2: THE CASE FOR RURAL RAIL: THE ACoRP VIEW

Many rural lines closed in the 1950s as alternative forms of transport became increasingly attractive options. Rail was seen as slow, inflexible and unfashionable. A stream became a flood in the mid-1960s, as the Beeching cuts took effect, following publication of *The Re-Shaping of British Railways*, in 1963. The programme began to dry up in the 1970s, with only a handful of closures such as Swanage (1972), Alston (1976) and finally Clayton West (1983). The attempts to close the Settle-Carlisle Line, in the mid-1980s, failed.

Those which survived . . .

A small, but nonetheless important rural network has survived, with many lines which were proposed for closure by Beeching enjoying a new lease of life. The outer suburban routes to places such as Ilkley and Skipton in Yorkshire, condemned by Beeching, are electrified and running at near capacity. Lines such as Braintree, which narrowly escaped closure, now form a key part of the outer London network.

One line which isn't exactly a major commuter route, but is not "remote" rural either, is the Penistone Line, between Huddersfield and Sheffield. It survived numerous closure attempts with vigorous campaigning by local councils and individuals. The line is now performing better than it has ever done, with more services and many more passengers using the line.

The rural network

But what about the more remote rural lines, such as Esk Valley, meandering between Middlesbrough and Whitby, the Devon and Cornwall branch lines, the Far North Line to Wick and Thurso, or Heart of Wales, serving dozens of tiny communities stretching between Swansea and Shrewsbury? They are typical of lightly-used rural lines which are expensive to maintain and operate, but carry few passengers compared with commuter and InterCity lines. Users of these lines bear little resemblance to the image of rail use being suggested by some commentators who would have us believe that rail use is the preserve of "middle class, middle-aged males". Yet many people use these rural lines because they have simply no alternative—the carless, socially excluded inhabitants of small communities which may not have any other public transport. In this sense, the service is similar to that of a bus, providing fairly short journeys to the market town. Statistically, they may seem almost irrelevant—but they are a vital lifeline to the mum doing her weekly shopping, the kids going to school, and the pensioner collecting her pension and seeing her friends on market day.

The legacy of some of the Beeching closures in rural areas has been decline, loss of business, and an outflow of young people to the cities. Studies such as Mayer Hillman (*The Social Consequences of Rail Closures*, 1980) and TR&IN ("What Use Are Rural Railways?" 1998) suggest that when a line closes only a minority of people transfer to bus: most either stop travelling or buy a car. Is that really what we want in the 21st century?

Who uses rural railways?

Use of rural rail isn't confined to the socially excluded. Several rural lines are used by people who have a car, and choose not to use it. This is rail's potential strength—it can be a mode of choice, not a last resort. It can even be a tourist attraction in its own right, bringing people into rural areas on such scenic routes as the Kyle Line, Settle-Carlisle, or Heart of Wales. The user profile of a line like Esk Valley, or Heart of Wales, fluctuates enormously over the year. They are very often major carriers of schoolchildren during term-time, and become important tourist routes in the summer. Most rural lines have connections to the major cities

with just one change, making them potentially attractive to business users—if the connections were any good at the junction! The role of rural lines in sustainable tourism is often under-estimated—towns with serious traffic problems such as Whitby, Barnstaple, Falmouth, St Ives, Oban, Fort William, Inverness and many others benefit from substantial numbers of tourists arriving by train.

Rural rail has the following advantages

- Social inclusion: it can—and is—used by a mix of people, including people on low incomes, business travellers, people with disabilities. Most trains and stations on rural lines are accessible—those that aren't could easily (in most cases) be made so. Many of our CRPs have helped set up local residents' railcards which offer substantial discounts for rail travel to local people.
- Sustainability: rail offers a serious alternative to the car if quality is right. It can also be used (eg Far North Line) to carry freight, reducing the number of HGVs on rural roads. Several CRPs are actively involved in freight development.
- Local economy: Rail brings people into centres, encouraging use of market town shops, cafes, etc, and thus contributing to the health and vitality of town and village centres. Our Gateway Stations project is encouraging integrated development at 12 market town stations.
- Integration: rail can be at the heart of strategies for rural transport integration, with stations acting as hubs for connecting bus and taxi services, park and ride, and cycling. Stations can also develop as economic and cultural hubs, with complimentary (and sustainable) development around the station area. Existing examples include Gobowen, Whitby, Clitheroe, Carnforth and Hexham.

Social inclusion

The arguments for rail as a tool of social inclusion are complex but in fact quite strong. It is suggested that a higher proportion of social class C2DE use buses, which is certainly the case. The bus is not a “mode of choice”, so it is unremarkable that it is mainly used by lower income groups who do not have the option of using a car. Whilst the usage of rail measured in passenger miles is certainly greatest amongst social classes ABC1, this masks the substantial number of journeys undertaken by rail amongst C2DEs. Lower income groups tend to make shorter journeys, eg for access to employment, shops, and visiting friends and relatives. Rail is more “socially inclusive” than the bus, insofar as it is used, on a journey basis, by a more or less equal cross-section of social classes.

Currently, there is a lack of adequate research on the social profile of rail users on a regional basis. However, discussions with PTE offices in a number of areas suggest that rail serves a reasonably balanced cross-section of society. A West Yorkshire PTE officer commented that “the last 10 or 12 years has seen a big change, and rail is now recognised as being a good form of transport right across the board. We have a lot more young people using the train, and the railways are seen as part of the fabric of West Yorkshire.”

Role of railway re-openings

Rail re-openings have made a positive contribution to social inclusion. The Robin Hood Line, from Worksop to Nottingham, was financed by EC structural funds specifically as a means of assisting regeneration and social inclusion in the former mining areas of the East Midlands. It has proved highly successful, with new stations serving villages which were previously very long bus journeys into Nottingham: Shirebrook, Cresswell, and larger settlements including Mansfield itself. Similarly, the re-routing of some Leeds-Sheffield services into Castleford opened up extended travel opportunities for a local community whose economic base had been wiped out by pit closures.

The bus argument

Many critics of rail support have argued that re-directing subsidy to bus services would give better value for money. Certainly the direct costs of bus operation compare favourably with rail (but so does cycling). However, can bus offer a quality alternative to rail? When existing rail users were asked if they would transfer to a bus if their train service did not exist, the majority replied in the negative. The same goes for motorists: it is considerably more difficult to persuade motorists to use the bus rather than a train, or a tram. Some of this may well be perceptual, but people's perceptions are their reality. Buses are still seen as an inferior form of transport, a last resort, rather than a mode of transport one would make a positive choice to use.

There are other, perhaps more objective, reasons for rail offering a better alternative to the bus for particular journeys, and these relate to distance. For short distances of between a mile and five miles, the bus can offer convenience and flexibility, and cover a dense network. Along major corridors it can provide an intensive service using good quality vehicles with low step heights. However, for journeys beyond five miles (a fairly arbitrary distance admittedly) the attractiveness begins to wane. Even allowing for bus lanes and bus priority measures, it is difficult for buses to avoid traffic congestion at some point in the journey.

For short journeys (five miles or less) rail can be more trouble than it's worth, unless you live very near a station and have a high frequency service. For journeys over five miles, rail becomes increasingly attractive for door-to-door journeys which may involve a walk of up to 10 or 15 minutes to the station (at both ends). The further the distance, the better it becomes for rail. For journeys of 10 miles or more it becomes attractive for motorists to drive to a station and catch the train—providing the rail product is right: safe, well-lit car parks, regular and reliable services, attractive fares and comfortable trains without overcrowding. The same sort of distance, approximately 10 miles and beyond, becomes attractive for rail-link bus services serving reasonably-sized settlements within relatively short distances of the railhead. Again, quality needs to be right: the bus should connect comfortably with the train, and wait if the train is delayed for a reasonable time. The bus should be good quality, easy access, with strong “rail” branding. ACoRP is actively promoting quality bus links and its forthcoming conference on “The Integrated Branch Line” will highlight good practice and have some demonstration vehicles on show.

The subsidy argument

It has been argued that a disproportionate level of subsidy is going to “the middle classes” through rail revenue support. Again, this does not stand up to examination. As we have seen, many journeys amongst upper income groups are over longer distances on the InterCity network. These services are either unsubsidised, or have a reducing level of subsidy which will gradually be eliminated. The lines which are subsidised are precisely those which have a much more mixed social profile: the inner-suburban routes, and rural services. The social profile of each line is different, even within a particular conurbation. The social profile of semi-rural routes such as the Penistone Line is heavily skewed towards short commuting journeys, social and shopping trips—the use of the service tends to be at its peak on a Saturday, rather than during the weekday peak. The lines to Ilkley and Harrogate on the other hand have a large outer-suburban commuting traffic, often from high income groups.

Why subsidise rural railways?

Rail support achieves different objectives compared with bus. It is less about serving people without cars, or otherwise socially disadvantaged, but about firstly providing an alternative to the car. “Close the rail service and all those middle class commuters won't get into a politically-correct bus” one manager told us. “Instead they'll drive, and the people who will suffer most are those town and village dwellers whose homes the cars roar past—or those in inner cities who find themselves living in a permanent traffic jam”.

Secondly, it is about helping disadvantaged areas rather than individuals. Seaside resorts are a good example. These are not subsidised for the users but rather for the resorts themselves, ie to bring people in and get them to spend money in Barmouth rather than Benidorm—the beneficiaries being local shops, pubs, hotels, etc rather than passengers.

The same manager commented that “every now and again some ivory tower economist comes up with this ‘equity’ argument, and every now and again HMG decides it shouldn't subsidise commuter lines. Fares go up, services and investment go down, and the end result is the mess we have at present. Given the lead times, the appalling state of many services in the home counties can be traced to the cutback of Network SouthEast's finances in the late 1980s. The end result is not a profitable railway, but ever bigger problems and ever more political outcry in the future.”

The potential of rail in rural areas

However, rail can do a lot more. Britain's rural railways have been run as an afterthought by both BR, and most of today's train operators. Apart from the work of community-rail partnerships (which involve TOCs on particular routes), precious little promotion and development has taken place. Many rural lines have timetables which are hopelessly unattractive, with three or four-hour intervals between trains, dismal unstaffed stations, and uncomfortable, cramped trains.

If we want to see the sort of contribution rural rail can really make to local communities, we need to study the experience of regionalisation in Germany, Sweden and The Netherlands. It's clear that local management and operation of rural railways has brought major dividends, through a virtuous spiral of investment, more passengers, more services, and significant local economic gains by increasing the employment base in rural areas. The local train company often also runs the buses, encourages local tourism initiatives and buys locally, thus supporting the wider business community.

We suspect that the amount of subsidy going into our rural network is probably not that much different, on a mile-by-mile basis, from Germany—yet rural railways in Germany are prospering, with new trains, new lines and increased frequencies. We need to take a creative leap in our thinking about rural railways here, applying the experience of regionalisation and local management to British conditions. For the same amount of subsidy we could, if that money was used sensibly and properly targeted, get a better rural network which will have contributory benefits to the rail network as a whole.

How to capture the potential

We suggest, as part of the SRA community-rail strategy's pilot projects, establishment of local not-for-profit "Railway Development Companies" involving the SRA, "parent" TOC, Network Rail, local authorities and key stakeholders along a particular line (such as already exists for the Esk Valley Railway between Middlesbrough and Whitby). The RDCs could act as franchising bodies for, initially, a small number of lines. Licensed "community-rail operating companies" would be invited to bid for operating vertically-integrated franchises along particular routes, against clear criteria based on value for money, community and staff engagement, and transport integration. As well as receiving funding via the SRA, the RDCs could also pull in external funding (eg RDAs, EU) for specific development projects. The "community-railway operating company" would act as the contractor for the RDC, ensuring the public interest is protected. To ensure real value for money the proposed "Community-Rail" group standard should allow simplified operating practices, such as exist in continental Europe.

Our vision

Our vision of rural railways in 10 year time would be of local "community-rail operating companies", accountable to their staff and customers, providing employment for around 50–60 people in smaller rural market towns. The companies run trains but also connecting bus services, with through ticketing to the rest of the national rail network. They operate train taxi services and bike hire businesses from their stations. They work energetically with local visitor attractions to encourage people to visit the area—by train.

The community-railway company may operate as a microfranchise, maintaining the track and stations. Each station could be "adopted" either by a community group or a local business (or a combination of both). Every station would be well cared-for and have station shops or catering facilities used by passengers, local people and tourists alike. The railway would be seen as a vital part of the local economy not just for the jobs it supports directly, but because of its local purchasing policies.

The railway is not just providing passenger services, but freight as well—taking goods to marshalling points on the main line for onward consignment to the rest of the country and Europe—and bringing goods in for local supermarkets and manufacturers.

It isn't a dream—we can make it happen with your support.

PART 3: THE CHALLENGES AHEAD FOR RURAL RAIL

The review by the Transport Committee comes at a very good time, with publication of the SRA consultation paper on Community-Rail Development Strategy and the Secretary of State's Rail Review.

We hope we have shown that there is much that is positive happening on the rural rail network. However, there are some big issues which must be addressed.

Local management

Rural railways can achieve much greater potential by having a tier of local management which can respond to local needs. The SRA is proposing a number of pilot schemes to test out different approaches and we hope the Committee will lend their support to these initiatives. We would strongly urge the Committee to visit some of the rural lines in Germany and/or Sweden which have been transformed by local management and regional support. We would be happy to help facilitate this, as we have good contacts with many regional operators.

The issue of costs

Railways are expensive to run: the financial support going into rail must be based on getting good value for money in terms of passenger benefit and wider social, economic and environmental benefits. We believe that current operating standards on some rural lines are inappropriate, loading unnecessary costs onto rural lines. A review of railway group standards as applied to low-speed and low frequency lines is essential, so that the cost base of operating, and improving, rural lines can be reduced. This issue is addressed by the SRA Community-Rail Development Strategy and we strongly urge the Committee to support a review of standards.

Generating revenue through partnerships

Community-Rail partnerships have proved themselves as a highly effective means of creating goodwill and support for rural lines, and this has been reflected in significant increases in passenger use, as noted previously. Community-rail partnerships make direct contribution to increasing the revenue earned by their lines. However, the majority of community-rail partnerships have a highly unstable financial base, with

short-term funding and inadequate staffing. We would welcome support from the Committee for a secure, long-term funding arrangement for community-rail partnerships involving train operators, Network Rail and local authorities, with support from other local and regional stakeholders.

ACoRP: the need for a national focus and long-term funding

ACoRP has played a central role in raising awareness of the importance of rural railways and in providing support to member CRPs. Its funding comes primarily from the Countryside Agency and SRA. Both organisations are currently under scrutiny and we are particularly concerned about the almost inevitable loss of funding from the Countryside Agency in 2005–06. We would welcome support from the Committee for this funding which will be lost to made up by support from either Defra or DfT (or both) based on agreed outputs.

We would like the Transport Committee to note:

- The importance of Britain’s rural railways in meeting the needs of many rural residents, and in bringing visitors into environmentally sensitive rural areas.
- The positive work done by Britain’s community-rail partnerships in promoting use of the local and rural network, and the great achievements they have made with very few resources.
- The vital importance of integrated transport in rural areas, with dedicated bus links to the rail network.
- The role of ACoRP in bringing these bodies together and putting a strong, well-argued case to Government for the development of the rural network, based on social, economic and environmental grounds.
- The achievements of rural railways in other parts of Europe, particularly Germany and Sweden, where local management within a supportive regional and national framework has led to spectacular growth.
- The futility and irrelevance of the closure argument: closing rural lines will save very little and create enormous hardship. Most rail subsidy goes towards easing road congestion in larger conurbations.

To go forward, we need:

- Clear support from Government to maintain and develop the rural rail network as the core of an integrated network.
- Re-instatement of “discretionary” funding for small scale schemes (either RPP or “Local Integrated Transport Challenge”).
- A willingness to support innovation in the operation and management of rural lines, based on local management.
- Stability of funding for community-rail partnerships and ACoRP.

April 2004

Memorandum by Councillor Donald G Clow (RR 14)

TRANSPORT COMMITTEE’S FORTHCOMING VISIT TO SHREWSBURY—21 APRIL 2004

As a Councillor on Church Stretton Town Council and that council’s representative to the Church Stretton and District Rail Users Association I wish to make the following points.

MAIN ISSUES

1. The lack of a direct rail service between Shrewsbury and London is much regretted.
2. The recent loss of the direct service into Waterloo is similarly regretted.
3. There is frequent overcrowding on the two-coach trains on the Manchester-Cardiff route especially during holiday times and during the morning and late afternoon peaks. This does not encourage the use of rail services. The occasional three-coach sets show what could be achieved for a comfortable journey. Can the number of three coach trains become the norm and not the exception?
4. There is an annoying arrangement where by some trains miss out Church Stretton and others omit the Craven Arms or Leominster stops. The problem can hardly be to satisfy a tightly-timed timetable in view of the long stops at Shrewsbury.
5. There are some quite long gaps in timing between trains which serve to limit their use by residents of the town during the day.

OTHER MATTERS

6. The Project Inform information service at platforms is more likely to provide misinformation. Strangely the announced times still gave BST even in the winter months!

7. “Wales and Borders” was an accurate description of the service provided by the previous operator—“Arriva Wales” certainly is not in view of the considerable length of line within England and the several representations made to Arriva Wales’ management get a dismissive response.

8. In spite of the face of the same management operating both lines, it is still appreciably cheaper to buy separate tickets Church Stretton to Shrewsbury and then Shrewsbury to Birmingham rather than a through ticket from Church Stretton to Birmingham.

D G Clow

April 2004

Memorandum by the Local Government Association (RR 15)

RURAL RAILWAYS

The Association welcomes the opportunity to submit evidence to this inquiry, although its timing in relation to the consultation by the Strategic Rail Authority on community railways, with a later deadline, means that only relatively brief comments on broad principles can be made at this stage. The Committee is welcome to a copy of the Association’s response to the community railways consultation in due course.

The Association has drawn the current inquiry to the attention of member authorities and it is possible that a number will take the opportunity of submitting comments direct to the Committee.

BACKGROUND TO LOCAL GOVERNMENT PERSPECTIVE

The Association and its member authorities have always been concerned about the maintenance of an integrated national rail network. Many rural lines serve a key role in providing year round accessibility for local residents who otherwise would suffer social exclusion, as well as for visitors. Furthermore they provide a degree of certainty which bus services cannot provide and links which bus services have never been able to make. Relatively easy to understand and access (and regulated) through fares, and co-ordinated railway timetables, are valuable resources which need to be cherished, and have been retained more or less successfully through the series of upheavals in the railway industry over past decades.

From time to time reviews at Government, former Railway Board, or now SRA level, have caused concerns to local authority associations that there has been a closure agenda always on the shelf waiting for another opportunity to be dusted off, with a hit-list of lines ready prepared, and maybe hidden within a wider industry review in such a way that the longer-term consequences of a policy change are not always obvious. In that regard, and notwithstanding the generally positive initial response of several campaigning bodies to the SRA’s current community railway proposals, very close attention is being given to how its detailed proposals might fit together as a package. This submission makes further comments on some of the proposals within the SRA document in later paragraphs.

The Association has submitted comments to the current review of the structure of the railways being undertaken by the Secretary of State for Transport, and a copy of this submission is attached for information as Appendix A.¹

THE IMPORTANCE OF RURAL RAILWAYS TO THE COMMUNITIES THEY SERVE

The Committee will be well aware of the Social Exclusion Unit’s report into transport and social exclusion published in February 2003. In a number of rural areas the railway is the only public transport link for rural communities. The report points out that “in some rural and metropolitan areas (trains) can be the basic means of getting to work, learning and healthcare”. Whilst aggregated national statistics may show that rail appears to be used predominantly by relatively well off business commuters, in rural areas this has never been the case. There year round services are vital lifelines for local residents who do not have access to cars but who need opportunities to access employment and essential health and educational services. Additionally many lines provide valuable services for tourists and visitors in the summer and can bring vital revenue to the towns and villages they serve, as well as help to reduce the impact of cars on narrow roads. A good example brought to the Association’s attention of innovative rural rail/bus/tourism integration is the combined train (via St Austell station) plus bus ticket to the Eden project, with combined entrance fee. Some too still provide freight links which keep heavy vehicles off narrow country lanes.

¹ Not printed.

THE PROSPECTS FOR INNOVATIVE APPROACHES TO THE FUNDING AND MANAGEMENT OF SUCH RAILWAYS

The Committee will no doubt be receiving evidence from bodies such as the Association of Community Rail Partnerships (ACoRP). Many local authorities are associated with partnerships and ACoRP itself has given an initial warm welcome to the SRA community railways consultation proposals. The LGA is not in a position at this stage to draw any instant conclusions about the potential for further development of Partnership type management structures, but no doubt the Committee will have been looking at similar arrangements in other countries. When examining local management as an option very key considerations must be the level and long term security of funding mechanisms, and the retention of network benefits. The recent experience with SRA partnership grant funding, both passenger and freight, has shown how the passing over a funding duty just before a funding crisis emerges can lead to abrupt and unfortunate cuts.

The LGA has an established view that local and regional government should never be put in a position where any of its spending streams are “ring-fenced”. The ODPM has concurred with this principle and is striving to reduce ring-fencing. There may always be circumstances where revenue funding of public transport schemes will come under pressure, as they can do under current circumstances. Local authority subsidy for supported bus services is an area which has been under considerable inflationary pressures for several years, particularly in rural areas, where there are fewer operators to compete for tenders, and commercial services continue to be withdrawn at short notice (see below). The Association of Transport Coordinating Officers has given evidence on this to recent inquiries undertaken by the select committee. Thus, any mechanisms devised to devolve rail revenue funding to either regional or local level will need to be evolved very carefully, with appropriate safeguards put into place.

Innovative integrated ticketing schemes, which do not lose and can improve network benefits, are being developed, such as the Plus Bus initiative, which has been taken up by bus and rail operators in towns at the end of some relatively rural lines. That scheme has been approved by the OFT. On the other hand the Committee will be well aware of the difficulties which local government has in facilitating innovative joint working involving more than one bus operator, and ensuring a degree of control to ensure continuity of service provision—essential for passengers arriving from outside the area. The SRA community railways document appears to take a rather naïve approach to the current scope for integration between rail and bus services, especially where more than one local bus operator is involved.

THE PROSPECTS FOR TRAFFIC GROWTH ON SUCH RAILWAYS

No doubt other evidence will include statistics about the growth in patronage on many rural lines in recent years. The LGA does not have any statistics of its own about rail usage. The Association of Community Rail Partnerships and others have published statistics which show that some East Anglian branch lines, for example, have shown dramatic increases. Even so, it is possible to show on a chart of “per passenger” subsidy by line that the cost of support on these lines appears to be high, as is also the case for some rural community bus services. This is a spurious argument for two reasons. Firstly, the overall cost of maintaining relatively low speed branch lines is (or should be) low, and is not rocketing because of the application of troublesome new technology. Secondly the growth in rail usage which has taken place on many rural lines shows that they are becoming even more valuable to their communities than ever. If there was ever any case to cut back rural services even further than was achieved in the Beeching era, now is not the time, especially as the financial crisis seemingly affecting the rail industry at national level is not in any way due to the management or level of use of rural railways.

THE IMPACT OF MEASURES SUCH AS BUS SUBSTITUTION FOR RAIL SERVICES

The fact that bus substitution continues to be raised as a possibility shows how difficult it is for the debate to move on to a more positive agenda, despite the fact that such a policy would be both socially and politically unacceptable. Studies undertaken in the 1970s after the Beeching closures demonstrated very clearly that bus substitution was an almost total failure. The substitute services were devised and advertised to integrate with the surviving rail services, yet most disappeared within a few years. Indeed in recent years the Association understands that de-registration of commercial bus routes in rural areas is continuing at a high level. For example North Cornwall District Council has informed the LGA that the local major operator “gave written notice that at the end of May they will be withdrawing from a series of services, making changes to other services to prevent loss of money, and withdrawing from county council social subsidy contracts. One of those routes is the connection to the local railway station at Bodmin Road”. Many rural areas do not have road networks which are anywhere near parallel to rural railway lines or serve their stations, and any substitute bus services aimed at serving all stations along the line would almost invariably take a very much longer time to complete their journeys. In addition, the committee will no doubt be well aware of issues such as the inability of many buses still to accommodate significant volumes of luggage, push chairs etc. Modern buses will be more capable than in the past because of Disability Discrimination Act Provisions, although they are more expensive to purchase and operate and will lose some seating capacity.

The SRA appears to have developed an agenda, at a high level, to encourage bus substitution options to be put forward in new franchise bids, apparently with the primary aim of saving money rather than to encourage more integration. The community railway consultation document suggests that integration is an

objective, which would be laudable if it could be achieved. However, it is possible to conceive a situation, following all of the consultation document's principles, where rail fares on branch lines are "add-ons" to network fares, and at the same level as possibly previously higher local bus fares, then national financial restrictions are applied, and "difficult decisions" have to be made locally to substitute cheaper, at point of use, buses for train journeys. This might be the longer term consequence of a superficially attractive set of proposals in the community railway document. Hopefully the experiments being implemented by the SRA to test the community railway principles will alleviate remaining fears in this regard and demonstrate that its stated objectives of facilitating more positive community involvement and growing local railways can be attained.

CONCLUSION

The main issues covered in this submission may be summarised as:

- Rural lines remain essential to the communities they serve.
- They must retain essential national network benefits.
- More local management and influence could be beneficial given proper safeguards.
- Any transfer of control must be accompanied by stable and long-term funding assurances.
- Rural lines have demonstrated that traffic can grow and has grown with effective marketing.
- Bustitution is still a very unattractive option.

April 2004

Memorandum by Devon County Council (RR 16)

RURAL RAILWAYS

1. Devon County Council welcomes this opportunity to comment on the future of rural railways. This officer response is being submitted in advance of the County Council's formal consideration of the Strategic Rail Authority consultation on Community Railways.

2. Devon is a predominantly rural county with a large land mass and population of over 700,000. Despite many closures of rural branch railways in the 1950s and 1960s Devon maintains a significant rail network. It has two direct routes to London termini, 38 stations on the national network served by five train operating companies. Devon County Council was responsible for opening two new stations on the national network in the 1990s and is also the owner of one station (Okehampton).

3. Devon County Council believes that rail is an important component of sustainable transport. Different elements of the network are important to different categories of rail user. Inter-city services are vital for business traffic to London/Birmingham and other centres; main line and regional services are important for leisure travel (both for local residents and also as a means of access for visitors to the holiday areas of Devon and Cornwall); rail is important for local commuter journeys (mainly centred on Exeter) and lastly for community access—the latter being the category most normally synonymous with "rural railways".

4. The importance of rural railways to the communities which they serve should not be underestimated. The existence of a rail line (and a franchise to underpin services on that line) gives a certainty of continuity which cannot be matched by the bus industry. It is all too widely appreciated that bus services can be here one year and removed the next. Rural rail services provide the hubs around which other links such as connecting bus services, community transport, and taxis can be built.

5. Devon County Council recognises the funding difficulties of the rail industry. However it should be noted that it is not the rural rail network which has caused such problems. Spiralling costs have been seen on major projects, such as the West Coast Main Line upgrade.

6. At the same time, the County Council recognises the scope for cost reduction offered by the Strategic Rail Authority's Community Rail initiative. This has the potential for reducing costs through exemption of particular routes from group standards. In this respect the Community Rail initiative is a potentially helpful device, but the issue of over-costly group standards really deserves to be tackled in its own right, across the whole network.

7. It is recognised that there may be scope for improving the efficiency of rural rail operations through vertical integration. The objective should be to use such efficiency gains in order to procure a better rural rail service for the same budget, rather than taking such efficiencies as cost savings. The Community Rail initiative may also make it easier to justify some limited line or station reopening, if the cost can be minimised through more appropriate standards. Such an aspiration in Devon is the Drake Line project, involving reinstatement of the former line between Bere Alston and Tavistock.

8. Devon County Council already funds some rural train services as part of its integrated transport network—both weekday (additional Exeter to Barnstaple services as part of the strategy to reduce car commuting) and weekend (Dartmoor Sunday Rover recreational bus/rail network). There certainly is

potential for growth in patronage building on initiatives for local marketing and innovative publicity. However, it should also be noted there is not a large residue of untapped funding available within local authorities to significantly enhance services. The prime objective must be to make better use of the funding which is already available to the rail industry.

9. The County Council also recognises that involvement of local authorities, or the broader community, may be beneficial in improving the management of stations. In this regard local authorities have been considerably frustrated by the withdrawal of Rail Passenger Partnerships (RPP) funding, since this offered the opportunity to secure improvements through matching Local Transport Plan or Section 106 contributions with rail industry funding.

10. The County Council does not believe that bus substitution of train services is an appropriate option. Previous precedent does not suggest that this is a cost effective means of retaining an existing patronage; for the reasons noted above bus services are likely to be less stable than rail services, whilst the pattern of the highway network is often not conducive to providing an attractive replacement bus service.

Ian Harrison

Deputy County Environment Director

19 April 2004

Memorandum by the Countryside Agency (RR 17)

RURAL RAILWAYS

THE COUNTRYSIDE AGENCY'S INVOLVEMENT IN RURAL RAILWAYS

1. The Countryside Agency is pleased to be able to present evidence on the subject of railways in rural areas. The Countryside Agency is the statutory body concerned with conserving and enhancing the English countryside, promoting social equality and economic opportunity for the people who live and work there and helping everyone, wherever they live, to enjoy this national asset.

2. Transport is one of the most critical issues in rural areas. It has a major impact on people's access to employment, education, services, leisure facilities and their overall quality of life; on the viability of rural businesses and, in particular, their access to labour markets; and on the character of the countryside itself. National transport policies and schemes have both a direct and indirect impact in rural areas.

3. The Countryside Agency works to ensure policies and practices take full account of rural needs and circumstances and that they pay sufficient regard to the beauty and amenity of the countryside and to the needs of people living in, working from and visiting it. The Government is committed to "rural proofing" all its policies, as they are developed, to ensure that they take account of the needs and circumstances of rural people and businesses and the Agency has the role to monitor and report on this process.

4. The Agency sees rail as a vital element of any integrated rural public transport system. In order to demonstrate the role rail plays and can play in rural communities, we are, currently, providing support for ACoRP (the Association of Community Rail Partnerships), as well as funding several rail partnerships through the Rural Transport Partnership scheme. As part of our Market towns Initiative, we are also providing funds for the "Gateway Stations" project that is helping 12 stations to develop their role as an integral part of the communities they serve.

INTRODUCTION

5. Rural rail is currently under the spotlight as a result of the Strategic Rail Authority's (SRA) current consultation on Community Railway Development and, more generally, as a result of concern about the overall costs to the taxpayer of the railway system. Rural railways are seen as carrying small numbers of passengers with higher operating costs per passenger relative to the primary network. This has led to a situation where the Government has placed great emphasis on the primary network.

6. However, while immediate operating costs per passenger may be higher, the total proportion of costs attributed to these rural lines is a small proportion of the overall railway spend. The current need to focus on some major infrastructure issues, such as the West Coast Main Line modernisation, should not result in rural railways being thought of as a major drain on the system, or that costs could be significantly reduced by not supporting them. There is a danger that, because of pressures elsewhere and problems on the main lines, rural railways, which have always received a relatively high subsidy, might be placed in jeopardy.

7. Rural railways are perceived as being the "branch lines", but the more core network serves the rural population in many cases and there are many lines that are quite strategic to the network, but whose stations are serving small market towns and villages (the Cotswold Line and the main Cornwall line, for example).

THE IMPORTANCE OF RURAL RAILWAYS TO THE COMMUNITIES THEY SERVE

8. The value to the communities served is generally considerable. Research on the effects of 1960s closures (by Mayer Hillman; *Social Consequences of Rail Closures*, 1980) showed that they were of great value and importance. More recent research by TR&IN (“What use are rural railways?” 1998) again highlighted the losses. Rural railways help people to access jobs, services, etc and provide an alternative to the car for visitors to the countryside.

9. While railways are generally used more by higher income groups, analysis of the National Travel Survey (based on small samples of rural residents who use rail) shows that the use of rail by those on lower incomes is more important (proportionately) than it is in urban areas. For these people, the value of the journeys made is likely to be high and, so, it is likely that social exclusion issues will be in part lessened by the presence of rail.

10. The National Travel Survey shows that about 8% of rural residents (in settlements of less than 3,000 people) and 26% of those in small towns (less than 25,000 population) live within 25 minutes walk of a railway station, compared with around 50% living in larger towns and cities. Rail, therefore, does, or can, serve a significant proportion of the rural population.

11. Four per cent of rural residents use rail in any week (compared with 7% in larger urban areas). Considering the lack of stations, use is relatively high. There is much higher use of cars to reach railway stations from rural areas.

12. One of the key factors in railways’ importance is their perceived “permanence”. People will move house to locations where they know they can commute from. Under current bus provision methods, bus transport does not provide anything like that permanence.

13. Railway stations can greatly enhance the image of a settlement in a rural area. Having a rail connection puts a place “on the map” and can be a factor in attracting business and tourists to a town, even if they do not use rail to access it.

14. Analysis for the Highlands and Islands Region in Scotland showed that closure of railways would have employment impacts that were far greater than the railway employees themselves. These lines bring in much tourism, as well as providing for commuting, business and other journey needs. “Social welfare evaluation” in the same study showed significant losses for consumers, businesses, freight, accidents, environmental impacts, and social impacts of about £850 million discounted over 30 years).

15. The environmental benefits of rail should also be considered. They provide access where the alternative would be car, and many lines carry much freight. Commuting by car can be much reduced, and access to rural areas for leisure by rail can be high where rail provides good access (such as the Settle Carlisle and other lines).

16. The SRA has started a national survey of passengers. When that is analysed, we will have a better idea of the uses of such lines.

THE PROSPECTS FOR INNOVATIVE APPROACHES TO THE FUNDING AND MANAGEMENT OF SUCH RAILWAYS

17. The current interest by SRA (in their consultation document) appears to show real commitment to trialling innovative approaches, but it is important that the pilots that are carried out are ones which will show the potential and that they are properly monitored and evaluated.

18. Rural rail is relatively expensive to run per passenger, but there are benefits to be gained through lowering maintenance costs by re-specifying standards on slower speed lines, as long as the lower maintenance does not lead to a situation where operability becomes difficult leading to calls for closure.

19. Whilst the present arrangements are in place for the rail network, we believe that there are benefits in enabling local lines to run their own affairs, whilst remaining integrated within the overall network. If a greater measure of public control were introduced in the future, we think there would still be a strong case for increasing local management through community rail partnerships.

20. Many lines that were earmarked for closure as a result of the review by Dr Beeching are now important lines in terms of commuting. Most of these are lines which have become commuter lines into London and other metropolitan areas (such as Leeds to Ilkley to Skipton). Changing travel behaviour has increased the viability of these lines—future changes in travel behaviour may be able to capitalise on the existence of railways in rural areas.

THE PROSPECTS FOR TRAFFIC GROWTH ON SUCH RAILWAYS

21. Experience from Germany and from some UK Community Rail Partnerships shows that growth can be achieved in many cases. Many patronage increases in the UK have been over 40% in about three years, while the Bittern Line in Norfolk has shown a 140% increase. Lines in Germany, where the approach has been strengthened by microfranchising, have shown larger increases. Greater local control of lines in metropolitan areas has provided increases in patronage and such growth should be transferable to rural lines.

22. It is important that trials are done which will allow potential to be realised.

23. Besides increases in traffic, the approach also provides scope to lower costs of maintenance on lines which are not part of the Trans European Network and which have low operating speeds.

24. The potential for visitor access to the countryside using these railways is also great. Many lines that have marketed themselves have built on tourism and visitor patronage (such as the Settle Carlisle line). Even in less obvious tourist areas there is scope to encourage visitors to use the rail service as well as attract tourism from those not having their own car.

25. The Countryside Agency and the Rail Passengers Council have commissioned ACoRP and AEAT Ltd to carry out research on the scope for light rail operation on rural branch railways. The research is not yet complete, but initial results point to the scope for “heavy trams” to operate on rural railways at lower costs. The research should be complete in early May to allow results to be used for responses to the SRA’s consultation.

THE IMPACT OF MEASURES SUCH AS BUS SUBSTITUTION FOR RAIL SERVICES

26. Bus substitution is generally no substitute for a rail service for those who currently have that rail service. This is because the road network is not usually set up to serve the locations that rail does at the speed that rail offers, as well as the perception accorded to bus travel relative to rail impacting on patronage.

27. But there are cases, where a line is running at maximum capacity (in terms of trains per day), where extra services provided by bus or coach could make the service more frequent.

28. General bus services should be designed so that they complement rail services by feeding passengers into them at set points along the route. In this way the areas that rail does not serve well can be served (as railway stations are often not in current optimal locations) and integration between bus and rail can be helped.

29. Keeping a complete network is important for the vitality of the core network. If anything, key bus and coach routes should be added to the “rail map” to extend the network that a “permanent” public transport system covers.

16 April 2004

Memorandum by the Heart of Wales Line Forum (RR 18)

TRANSPORT COMMITTEE VISIT TO SHREWSBURY

I write as the Line Development Officer of the Heart of Wales Line Forum, to raise a few issues that I hope the Committee will find of assistance in reviewing rural rail services in the area.

1. The Heart of Wales Line has Shrewsbury as its Northern terminal, providing a link between Shropshire, the isolated and mainly small communities of Shropshire and Mid Wales, and the South Wales coast at Swansea.

2. In September 2003 we submitted evidence to the Welsh Affairs Committee, and I attach a copy of this² as the content is still relevant. The WA Committee, in their recent report, recommended (para 85) “that Arriva take steps to integrate the Heart of Wales line in its plans for the hub at Shrewsbury”.

3. When Arriva come to consider how to achieve this, with the timetable to be launched in December 2005, they will have to deal with one of the fundamental issues facing our line (and some other rural services)—that of too few trains. The PSR for our line calls for four through services each way each day except Sunday, and it is to be presumed that the SRA funding of the franchise will only support this level of service. As will be seen from our 2003 evidence, we believe that the current timetable simply does not meet the needs of passengers, and needs to be increased.

There is little point in spending the considerable sums of money required to keep such a line open, if the train service operated on it is inadequate and does not enable people to use it!

4. The Forum has, itself, taken guidance from a transport consultant who, as a BR manager, was responsible for reducing the level of service on the line in 1993 as a cost cutting measure. The result was that whilst operating costs reduced by 25% in 1993, income fell by 50%. A worse service cost more, and the investment in the infrastructure was thus less worthwhile.

Most rural services lose money. Clearly, on a loss making service, a balance has to be found between reducing costs (in which case the optimum is to run no trains), and providing a suitable service and generating some income: a four train a day service is sub optimal.

² Not printed—Welsh Affairs Committee Third Report 2003–04, The Provision of Rail Services in Wales, HC458, Ev 118.

5. Turning to rolling stock, our views remain as expressed in the 2003 evidence. In addition, we welcome the suggestions being made in the SRA consultative draft on Community Rail Development. Innovative use of currently surplus rolling stock; and the possible derogation of standards to enable the use of "heritage" units on rural lines are both sensible. Attention also needs to be paid to the stranglehold of the ROSCOs on the provision of rolling stock at what appear to be exorbitant prices. This may be appropriate in the case of new stock on main lines, but is yet another "killer" for rural services.

6. The Forum is an active supporter of ACoRP (the Association of Community Rail Partnerships). We agree with their submission to you. In particular, and as mentioned in our 2003 paper, we believe that lines such as the Heart of Wales have the potential to contribute more to issues of sustainability and social inclusion. "The System" militates against this at present. The common sense ideas being promoted by ACoRP and the SRA consultative paper, if adopted, will be of great assistance to us and similar lines.

7. Our dealings so far with Arriva Trains Wales have been friendly and mutually supportive. They are keen to work with the Forum to make the most of the line and the service it provides. They, and we, will be better able to do this with the provision of adequate resources, and a common sense and flexible system of railway management.

David Edwards
Line Development Officer
April 2004

Memorandum by Angus Eickhoff (RR 19)

RURAL RAILWAYS

I represent SARPA, the Shrewsbury Aberystwyth Rail Passenger Association. I would hope to attend the meeting in Shrewsbury on Wednesday 21 April in that capacity.

1. LOCAL ISSUES ARISING FROM A DYSFUNCTIONAL RAILWAY

1.1 We have a situation arising on the Shrewsbury Aberystwyth line in that the morning service to Shrewsbury no longer can run as a commuter train, indeed this has been the case for several years now. The 0730 departure from Aberystwyth calls at Welshpool at 0854, with arrival in Shrewsbury at 0919, too late for anyone wishing to use the train to commute to work. Formerly the case was that this train called at Welshpool at 0828, with arrival in Shrewsbury at 0853, which gave people just about enough time to reach their place of work from the station if everything ran to time.

1.2 We are led to understand that this train was very overcrowded on its journey into Shrewsbury and that the operator incurred penalties for this. To alleviate this problem, the final solution was to alter the time of the train so that it can no longer be used by anyone travelling to work or college. Meanwhile, the A458 main road from Welshpool to Shrewsbury becomes ever more busy at this time in the morning.

1.3 Of course, this method of approaching the problem is not in the best interests of business development. One daily commuter is worth more than a hundred leisure travellers and the Cambrian line as a whole has experienced passenger growth of around 7% every year since 1995. The main line to Aberystwyth now carries more than 500,000 passengers a year, with the Coast Line to Pwllheli rather more because of the school trains which run on that section. Clearly there is a growing market for passenger train travel in Mid Wales and the Borders.

1.4 There have been proposals to upgrade the service to Aberystwyth to an hourly one. However, these ideas have stalled because of the insufficient number of loops on the single line where trains can pass each other. Several of these were removed by British Railways during the period 1960-1990. Re-instatement is necessary to provide sufficient flexibility in the event of late running trains. A feasibility study was carried out into rebuilding the passing loop at Dovey Junction and money is said to have been allocated by the Welsh Assembly Government for the work to be done. More than a year down the line there is much confusion as to what is actually going to happen and the service remains two hourly.

1.5 Moreover, an upgraded service would require additional trains to run the service. We understand that at present, all the services between Birmingham and Aberystwyth; Birmingham and Chester and on the Cambrian coast line to Pwllheli are provided by no more than 11 diesel units comprising two coaches each.

2. UNDERLYING CAUSES

2.1 The underlying causes of these situations are the arcane and dysfunctional nature of the UK railway system since privatisation. Indeed the lack of change and inability to tackle these problems has meant that Labour's stated government policy of improving the standard of passenger services and placing more freight on the railway, has been rather lacking in its execution.

2.2 The trains we use in the UK are by and large leased by the operators from Rolling Stock Companies, themselves owned by big banks. The class 158 diesel units used on the Shrewsbury-Aberystwyth line are owned by Porterbrook Leasing, itself owned by the Royal Bank of Scotland. These companies make huge

profits at the expense of the taxpayer, who subsidises the train services. The cost of hiring a 158 unit of two carriages is around £250,000 per annum, which includes maintenance. British Rail built these units in the early 1990s at a cost to the taxpayer of around 1.5 million each, so the unfortunate UK taxpayer is having to pay for these trains twice. A cost comparison with steam traction indicates that major overhauls for preserved steam locomotives cost around £100,000 apiece today, so clearly there is some profiteering going on here. No way are these units as expensive to maintain as heritage steam traction!

2.3 Of course the implications of such high costs for rolling stock are clear. It is better for an operator to retime an overcrowded train in the hope that people will not use it than to add more vehicles because this is more expensive. The rolling stock leasing market has been described as the “big success story of privatisation” but for whom? Certainly not the end user who has to put up with overcrowding, or trains at inconvenient times. The present structure is obviously a barrier to business growth here when clearly there is an increasing demand for rail travel.

2.4 The safety situation on rail does not help either. On the Cambrian line from Shrewsbury we have the same safety standards (at huge expense) as the main trunk routes. Lately there has been the installation of Train Protection Warning System (TPWS) on the Cambrian, despite the last major accident which caused fatalities being in 1921(Abermule). It is true to say that much of this has been a knee jerk reaction to the Ladbroke Grove and Hatfield derailments but without proper thought given to local needs. and whether the expenditure required will bring the desired benefits.

3. RENEWALS AND REOPENINGS

3.1 It is clear that in order to cater for continued growth on the Shrewsbury-Aberystwyth line, new investment is required. This would provide for re-instatement of passing loops where needed and restore double track sections which were removed in the 1960s. New rolling stock would be required, either by cascading vehicles from other areas or by building new, to provide for a service with increased frequency. Ideally, there should be an hourly service to Aberystwyth and provision of a half hourly service between Shrewsbury and Newtown. Some industry sources put the percentage of traffic carried by rail on this latter section as being as high as 20% under present conditions.

3.2 Now that Wales has a modicum of self-government, it would seem essential there should be an efficient a quick means of access to the capital by public transport. Under present circumstances, this is clearly not happening where Mid-Wales is concerned; indeed it is difficult to think of another European country or region where communications with its capital are so poor.

3.3 To this end it would be desirable to reopen the link via Llanidloes, Builth and Brecon to reach Cardiff. This would not only give journey opportunities to people who are at present not served by rail at all but make possible rail travel between Shrewsbury and those places. In addition, people living those parts of Mid-Wales would benefit by having new job opportunities in Cardiff and Newport by way of commuting as those South Wales cities would be reachable in well under two hours.

3.4 In the period since 1980, the French have built more or less their entire TGV network of high speed rail lines. At a conference in Shrewsbury in July 2003 the keynote speaker, Adrian Lyons of the Railway Forum showed a map of high speed railway lines in Europe. The only part of this network in the UK was the short section between the Channel Coast and London, itself not fully open even yet. Therefore, to propose a single line of railway with a line speed of 80–90 mph and linking Mid-Wales to the regional capital, would not seem to be asking for the moon.

3.5 Admittedly all these proposals will cost a great deal of money but it would be cash well spent. Under the present circumstances since privatisation, the fragmentation of the rail industry has meant that untold sums of money are being wasted to provide a profit for operators and service providers. Assuming that the treasury will still be prepared to spend on the railways at present levels, solving the problems of industry structure will pay huge dividends. Money could be available for capital projects which is at present wasted on revenue subsidy. A recent newspaper report put the subsidy to Virgin Trains at over £300 million.

4. CONCLUSIONS

4.1 The fragmented nature of the industry needs to end. There needs to be a return to a vertically integrated structure of the railway system, preferably with the same organisation responsible for running the trains as owns the infrastructure.

4.2 Ideally, the organisation should have a similar status to the BBC, with a charter, so as to be free of political interference as much as possible whilst being recognised as providing a public service.

4.3 The nature of the competition needs to be acknowledged. When the railways had a monopoly of mechanised transport, the competition was between different railway companies as to who provided the better service. Nowadays, the competition faced by rail transport is between modes. The choice is now whether to travel by car, long distance bus, train or aeroplane. The low cost airlines probably offer the most serious threat to long distance trunk rail services. So there should be an informed debate as to whether there should be competition between rail operators or whether this is now counter productive.

4.4 Money saved from providing revenue subsidy and profit for operators and leasing companies should be diverted to provide capital investment for the future and develop the network.

4.5 At local level, efforts should be made to enable people to use the train to get to work in order to relieve pressure on road transport. Without doubt, commuting does bring benefits to local communities in that they can sustain a population far greater than the number of local jobs would allow. This could have especial benefit in low wage areas like Mid-Wales. There are many towns in the Home Counties which would surely not be as prosperous were it not for the existence of a rail route to London and provision of commuter trains.

4.6 The provision of new and better services would enable people living in quite rural areas to live an urban lifestyle. Already on the Shrewsbury-Aberystwyth line, journeys by train are cheaper and quicker than travel by car. Quick, frequent trains have the nature of shrinking the distance between quite small towns, making them seem more "joined up". For what is Greater London itself than a collection of villages which have become more enjoined?

17 April 2004

Memorandum by Midlands Branch, Railfuture (RR 20)

RURAL RAILWAYS

The Midlands Branch of Railfuture (Railway Development Society) is involved in an area that is principally urban with very few genuine rural railways. We do however have strong views on the SRA's proposals which are summarised below.

RURAL RAILWAYS AND THE COMMUNITY THEY SERVE

Railways in a rural area are vital to the community because they offer faster, more comfortable journeys than a bus. In addition they prevent rural roads being blocked by heavy vehicles, for example the transportation of aggregates in block trains from quarries into conurbations. In this area there are power stations connected to rural lines who must continue to be served by trains from the national network.

INNOVATIVE MANAGEMENT AND FUNDING

It is essential that any changes in management arrangements do not prevent services accessing the rural line from the national network and visa versa. Local authorities do have the power to fund rural railways but often do not do so. If a community is to be involved there must be some way of measuring benefit, for example improving a station, providing a car park or the local post office issuing railway tickets.

In our area the Walsall to Rugeley line is included in the SRA list. This is traversed by local services between Birmingham and Stafford. It is essential this through service is developed. It is one of the West Midlands key commuter routes with growing traffic, whatever management arrangement is in place must encourage this development to continue. Another concern is that Rugeley Power station receives its coal by rail from trains traversing this line. This must continue.

It is suggested that maintenance standards are be reduced on rural lines that only have light weight trains eg sprinters. British Rail did this to cut costs. It is a false economy because if maintenance is allowed to slide too far then retrieving the situation can be very expensive and disruptive to train services.

A funding innovation that would really help is to provide a fixed (inflation increasing) annual sum ring fenced to improve the railway.

OPPORTUNITIES FOR TRAFFIC GROWTH

Local management and local shuttle trains should provide a facility with local ownership, the opposite of the current situation when a service is provided by an international profit making organisation. A local management may be able to innovate for example introducing wagon-load freight.

BUS SUBSTITUTION

This was once a fashionable idea but thoroughly discredited even before bus services fell apart with deregulation. On the edge of our area the Derby to Sinfin line (under British Rail) lost its trains and passengers were carried by bus and taxi. Patronage fell to very small numbers and the line was closed. We would not wish this to happen again.

Buses do not have anything like the record of rail for modal shift from private car to public transport.

During times of service disruption buses are often substituted for trains. This introduces a poorer travel experience and a longer journey. It is entirely inappropriate for the railways to charge a premium fare when this happens and this situation urgently needs to be reviewed.

Nigel Cripps
For RDS (Midlands Branch)

18 April 2004

Memorandum by Dr John Disney (RR 21)

RURAL RAILWAYS

INTRODUCTION

The SRA Report on what it terms “Community Railways” contains some interesting proposals for the future of railways serving rural areas. However these railways are diverse in nature and it is inappropriate to generalise across the sector. “Rural railways” can be categorised as follows:

1. *Rural branch lines*

These typically have one terminus at a junction with a main line and the other terminus at a small rural town. They may be:

- (a) long (eg Esk Valley Line from Middlesbrough to Whitby); or
- (b) short (eg Derby to Matlock).

2. *Long distance rural lines*

These typically serve a number of rural stations en route between two large towns or cities and may also carry some freight. Examples are the Shrewsbury to Swansea Heart of Wales line and the Settle to Carlisle line.

3. *Rural stopping trains on mainline routes*

These share the route with express passenger trains and freight and tend to have their timetable dictated by available paths. Examples are the Hope Valley line and the North Wales line.

INTEGRATION WITH OTHER MODES

There is scope for further integration of rural railways with buses, ferries, cars, taxis, cycling and walking. In too many cases railways run in direct competition with bus services even when the latter are funded through local authority subsidy. Buses should serve railway stations and be timed to meet trains with IT advances being exploited to ensure that Real Time Information is available at every station regarding bus and train running so that connections are maintained.

Through tickets should be available on buses and trains and the Post Office network should be utilised to publicise services and sell advance discount tickets.

Car parking should be made available at all rural stations without charge and taxis should be encouraged to ply for trade at such stations without being charged for the right. All rural trains should carry cycles without charge or the need to book reservations and secure cycle parking should be available at rural stations. Footpaths should link stations with nearby communities without the need to walk along busy roads or through muddy fields.

FARES

Premium fares should not be charged on rural lines as proposed by the SRA. The majority of the funding for rural lines will always come through subsidy so it seems counterproductive to charge high fares which may deter rail use given that the real competitor is the private car. In rural areas, petrol costs are often the only perceived motoring cost as parking is usually free or minimal cost and is normally plentiful.

Buses serve a different market to trains getting nearer to where people live, often providing a door to door service, and penetrating the heart of market towns with a range of stops close to destinations such as shops, health facilities, schools and leisure facilities. Bus fares are often higher than rail fares because even where subsidies are provided, the expectation is that buses will meet a larger proportion of their running costs through the fare box than trains.

Interavailability of bus and rail tickets as encouraged by Derbyshire County Council on the Matlock and Hope Valley Lines should be the norm on all rural railways.

TIMETABLING AND PERFORMANCE

The proposal by the SRA to exempt rural railways from the performance regime is dangerous and should not be accepted. Whilst it is annoying to miss a rural connection at a mainline station it is not an irretrievable situation as these stations are normally staffed and have waiting facilities. Taxis are usually available for short journeys and may either be arranged by the TOC or the user (who may subsequently be compensated by the TOC).

Much worse are the consequences for a passenger waiting at a remote rural station for a train delayed awaiting a connection. They may subsequently miss their mainline connection and become stranded. Passengers already on board the rural train will also be inconvenienced and may miss their onward bus connections and the perception of the rural railway will be that it is unreliable and late.

Attention should instead be paid to designing workable connections at mainline stations in both directions and then ensuring that both mainline and rural trains operate to the scheduled timetable.

Technology should be exploited to increase the use of “request stops” at rural stations. Potential boarding passengers should be able to dial into the signalling system at the station to register their intent to board whilst passengers on the train inform the conductor/guard of their intention to alight so that they can inform the driver in advance.

BUS SUBSTITUTION

This is a very controversial and sensitive issue but it cannot be ignored. The blunt reality is that some rural lines are very expensive to operate and cost savings may have to be made to ensure that the current public transport network is retained. This does not mean that rural railways should be closed but they should be used as efficiently as possible.

The Conwy Valley line uses buses in evenings and Winter Sundays and this strategy should be copied on other branch lines. This will reduce operating and infrastructure costs and enable maintenance work to be scheduled efficiently between major projects.

The Skipton-Lancaster/Morecambe line is underutilised by local residents as many stations en route are a considerable distance from the village they proclaim to serve. These villages would be better served by a parallel bus service with a limited fast rail service and more freight paths made available as an alternative to using the WCML south of Lancaster.

COMMUNITY INVOLVEMENT

This is essential to ensure that communities feel that the railway really is serving their needs rather than satisfying an arbitrary franchise agreement. Local volunteers can often be found to maintain stations and distribute publicity material. However local “pressure groups” are often “hijacked” by railway enthusiasts who still yearn after locomotive hauled (or steam) trains travelling to distant locations for the benefit of a tiny minority. One recent example was the reaction of the Friends of the Settle Carlisle Line to the withdrawal of the token once daily through train to Glasgow which served little purpose whilst the Esk Valley Rail Users Group seems unable to accept that replacement of some lightly used trains by more frequent buses could lead to a much better public transport service for the majority.

ROLLING STOCK

Lightweight rolling stock reduces track maintenance and can still give a pleasant journey if fitted with comfortable seating as opposed to basic standard bus bench seats. In some cases withdrawn ex Inter-City rolling stock powered by a locomotive could provide additional peak time capacity although often these peaks are very difficult to predict. TOCs should be encouraged to co-operate with local traders who may be able to provide refreshments either at rural stations or on trains at certain peak times, especially on routes which attract tourists.

CONCLUSIONS

Rural railways are an important part of the national rail network but must not become enmeshed in a time warp. They must continue to modernise and improve as part of an integrated transport network.

Dr John Disney

Research Manager: Integrated Transport Management Project
Nottingham Trent University

April 2004

Memorandum by Dr Roger Sexton (RR 22)

RURAL RAILWAYS

1. INTRODUCTION

I am in broad agreement with your recent report “The Future of the Railway”. Paragraphs 62 and 87 of the conclusions to that report are particularly relevant to what I want to say about rural railways. In paragraph 87 you suggest:

“in rural areas the specification of [rail] services might be devolved to the local bodies, as in the case of [urban] Merseyside.”

I strongly support that suggestion. What follows is based on my memorandum to the committee regarding the future of railways generally—especially section 12 of that memorandum.

2. THE PROBLEM OF BUS COMPETITION

One of the reasons why rural railways in countries such as Switzerland and Denmark are so good is that they are protected from bus competition. By contrast, one thing which makes the remaining rural railways in Britain so vulnerable is that, unlike in the rest of Europe, rural railways are not protected from bus competition.

Alone amongst the advanced nations of the world, this country has persisted for seventeen years with the nonsense of bus deregulation. As I have pointed out on numerous occasions, deregulation and the concomitant application of Competition Law to public transport is the absolute antithesis of integration. Amazingly, this country has an agency called “The Commission for Integrated Transport” even though bus deregulation makes integration impossible.

In its consultation “Community Railway Development”, the Strategic Rail Authority (at 4.5) refers to the need “for train and bus services to be planned together”. Bus deregulation makes such planning impossible.

3. CREATE A NATIONWIDE SYSTEM OF PTEs WITH FRANCHISING POWERS

In my memorandum to the (old) Transport Sub-committee regarding bus services, I advocated that the London system of bus franchising should be extended to the rest of the country. The franchising would be done by regional PTEs.

In my memorandum to your committee regarding the future of railways, I proposed that the regional PTEs should also take over the franchising of local railway services in their respective areas. The regional PTEs would have their own budgets, but I would expect them to ensure that bus and train services were integrated with each other, not competing with each other.

I obviously stick by this latter proposal, though I would add that there is a particular need for carefully planned and integrated public transport systems in rural areas. In heavily populated urban areas there may be a case for competition between public transport modes. That is certainly not true of rural areas.

4. THE SWEDISH MODEL

As I explained in my previous memorandum, the model for this proposal for regional PTEs comes from Sweden, where all local bus, train and boat services are franchised by regional PTEs called “Lanstrafiken”. All transport timetables are integrated with each other. All services within a particular Lanstrafik area have the same fares system.

In my previous memorandum, I suggested that the committee paid a study visit to the Väst region based in Gothenburg, to see how things should be done. I repeat that suggestion, with one crucial addition. You should also visit the neighbouring region of Jonköping Län.

In Jonköping Län you will see a group of rural rail services planned by the Lanstrafiken and integrated (fares and timetables) with both rural and city bus services. Interestingly, the main Jonkoping city bus routes are operated by the British operator Arriva. Of the rural rail services, some are operated by a private Swedish company, BK Tag, while the rest are operated by Swedish Railways (SJ)—still state owned.

Roger Sexton

19 April 2004

Memorandum by the Llangollen Railway Trust (RR 23)

RURAL RAILWAYS—PROPOSAL FOR RUABON TO LLANGOLLEN RAILWAY LINE REINSTATEMENT (THE VALE OF LLANGOLLEN JUNCTION RAILWAY)

It has been brought to our attention that the Transport Select Committee is holding an inquiry into Rural Railways and that a public meeting is to be held in Shrewsbury on 21 April 2004.

The Llangollen Railway, a heritage railway, currently operates a remaining section of the former cross-country route from Ruabon on the Shrewsbury-Chester line to the Cambrian Coast at Barmouth. The section concerned is that between Llangollen and Carrog. There are active plans to extend beyond Carrog to the town of Corwen, a matter of slightly over two miles to give a total route mileage of 10. These extension plans had been delayed whilst the local authority and other agencies resolved matters relating to the proposed terminus site, notably addressing the question of alleviating flooding from where the proposed replacement terminus will be built.

It is our hope that the matters referred to above will be resolved during 2004 but a further issue has arisen that I feel I should draw to your attention. This relates to a recent development affecting the potential to make the Llangollen Railway a valuable component of the United Kingdom's rail network in the future and could have significance for the social and economic well being of Llangollen, the Dee Valley and neighbouring areas.

The former junction station for the line through Llangollen to the coast at Barmouth was located at Ruabon on the Shrewsbury to Chester Line. We consider the potential benefits from relinking the Llangollen Railway back to Network Rail at Ruabon are considerable and that the Select Committee should give due consideration to making recommendations that closed track-beds should remain protected transport corridors to preserve their value for reuse in the future. The situation in which we find ourselves is such that if such protection were to be established the present difficulty we are experiencing in convincing the Local Authority of the value of such protection would be avoided. There can be little doubt that rejoining the Llangollen Railway to the National Network would enhance the traffic potential on the Chester Shrewsbury Line.

Denbighshire County Council do not accept that the track bed within its jurisdiction, other than 10 miles between Llangollen (Castle Street Bridge) and Corwen (Green Lane), should be protected from development that would obstruct any future reinstatement of a railway.

The section, about which the Llangollen Railway has the greatest concern, from Ruabon Line Junction on the Chester-Shrewsbury main line to an end-on junction with the present preserved operation passes through two Local Authority areas. From the main line to just west of the site of Trevor Station, the trackbed is within Wrexham Council's jurisdiction.

Wrexham Council has been positive in its attitude and protected the trackbed at Trevor Station when redevelopment took place on part of the station site. This has left the remains of the two platforms intact and allows for a double track formation to be reinstated. It offers the potential to provide a passing loop if services were to be reinstated. However, Denbighshire County Council take the view that the Railway could not be reinstated and have not heeded views expressed to them to the contrary. I would mention Denbighshire Council is also the railway's landlord with whom we would prefer to maintain a harmonious existence but, on this occasion, it is necessary to express our views very strongly.

At Llangollen the trackbed to the east of the Town is partially obstructed by a landscaped area, part of the public car park and area in front of Lower Dee Mill, a housing development at Hoel Esgob and The Woodlands Hotel (River Lodge). Following the closure and relocation of the DAPOL Model Railway Factory, the future of the Lower Dee Mill site became uncertain and we have now heard that a developer may, or already has, applied for planning permission to build approximately 45 luxury flats on the freehold site. Our view is that any planning application must be the subject of an objection unless the developer were minded to make-over a suitable corridor to allow reinstatement of a single track link-line.

Contrary to the view expressed by Denbighshire County Council, I can inform you that a Condition Survey undertaken by the railway's honorary civil engineer, Steve Jones, has shown that, despite the obstructions to the trackbed already in existence, reinstatement of a single-track railway extending from Llangollen Bridge to the former Llangollen Line Bay at Ruabon is still achievable. A deviation around the obstructions east of Llangollen has been surveyed and confirms the practicality of such a project, but that can only remain a possibility if Denbighshire Council can be made to understand the benefits that such a

project could bring for Llangollen and the Dee Valley. In essence there is a critical requirement to protect a corridor from the easternmost point of the existing Llangollen Railway to where the original track-bed can be accessed beyond The Woodlands/River Lodge Hotel.

The concept for reinstatement would be a single-track railway occupying half of the former double track formation. Part of the formation is used for public services and Wrexham Water, who installed a water main a few years ago, took the trouble to consult with the Llangollen Railway prior to undertaking the work. Consequently the water main does not obstruct any plans to reinstate the railway line. It is envisaged the half of the trackbed not used by the Railway would become a cross-country footpath between Llangollen and Trevor.

Apart from the works required to deviate past the obstructed area at Llangollen, the other major concerns are the missing road bridge at Acrefair and providing an independent access to the Bay Platform at Ruabon avoiding use of the up and down Chester lines. There is sufficient width within the existing formation from Llangollen Line Junction to the Bay at Ruabon for a single track to be laid independent of the main line, any connection to Network Rail being an option to pursue at any time. However, the problem is at Bridge WSJ2/504 (Plas Madog Road) crossing the main line where the span is only sufficient for a double track. The bridge is likely to be subject to reconstruction to meet new load-weight requirements and if the southwest abutment were to be moved back to allow a three-track span to be installed, the operational situation would be resolved.

Bridge 3 at Acrefair crossing the A539 Road was originally a single stone-built skew arch. Clwyd County Council demolished it in 1974 as part of a road junction-widening scheme. In engineering terms, replacement with a standard BR steel and concrete composite through deck structure is relatively simple and a practical solution.

Operationally it is anticipated a re-laid line from Ruabon to Llangollen with a physical connection to the National Network would provide potential to attract both local and seasonal traffic, excursions and, possibly, freight using a trans-shipment facility at Corwen.

Llangollen is a tourist destination with associated traffic problems. The valley location offers little scope for a by-pass road and, in the summer season, traffic clogs the surrounding roads and car parks. At Swanage, on the Isle of Purbeck, the need for a by-pass road was effectively avoided by the realisation that the Heritage Railway could perform a valuable Park and Ride function. The added attraction of Heritage Trains not only also helped draw passengers out of their cars for the experience but also freed the narrow roads in the area around Corfe Castle and Swanage.

Elsewhere, a longer running scheme has significantly reduced traffic congestion at St Ives in Cornwall and, in this case, the highly scenic rail journey provides the additional attraction for motorists to abandon their cars and let the train take the strain. In both the cases I have quoted the appropriate Local Authority provided the parking area adjacent to the railway lines and suitable stations were built specifically to serve the park and ride schemes.

In the case of Llangollen, the greatest potential for generating a viable park and ride scheme is at Ruabon, situated in Wrexham Council's area whereas Llangollen and the whole of the trackbed from just east of Trevor as far as Corwen comes under the jurisdiction of Denbighshire County Council. With access off the A539, Ruabon Station is ideally situated to become a parkway facility serving the Shrewsbury-Chester line both in a north and southbound direction as well as west into the Dee Valley.

Ruabon Station is convenient not only to the A539 but also the A483 and the A5/M54 corridor. It provides a useful pick-up point for passengers travelling from Wales into Birmingham and the West Midlands avoiding the A5/M54/M6 congestion. In effect the Railway becomes a by-pass for the A5/M54/M6 into the centre of Birmingham and this will be aided by the intended rerouting of the Birmingham—Holyhead services via Shrewsbury-Chester in 2004. A parkway station at Ruabon also offers potential for park and ride to Shrewsbury (and for services via the North & West Line to South Wales and the Cambrian line into Mid Wales), Telford and Wolverhampton southbound and Wrexham/Chester (with connections to the North Wales Coast, Manchester and Liverpool) northbound.

Southbound services terminating at Wrexham could be extended to Ruabon but potential would be enhanced if Ruabon-Llangollen were operated independently of, but in association with, the existing Llangollen Railway at specific times likely to attract good patronage. At Llangollen the existing horse-landing dock has potential to be extended back under Llangollen Bridge as a dedicated platform to accommodate up to two Sprinter Units (four-Cars) permitting heritage operations at Llangollen to be easily separated from services off the National Network when required.

Chester is a developing centre of commerce and finance and Llangollen is within the catchment area for attracting employees. This would bring greater income into the town strengthening the local economy for traders. Equally, at weekends and during holiday periods, ease of travel into Llangollen without the need to rely on the motorcar will further assist commercial development and a good through rail service, especially with direct operation from Llangollen to Chester for both commuting and social purposes, will have traffic development potential. Ideally, a Ruabon-Llangollen shuttle utilising DMUs from the Llangollen Railway's resources would replace Monday to Friday through peak workings from a train operating company during the off-peak period. Steam workings from Ruabon to Carrog and Corwen would be restricted to peak holiday periods and in connection with special events.

There is also potential for through trains and charters, especially at the time of the Eisteddfod, and these cannot be discounted because the ability to deliver up to 500 passengers without affecting road congestion in the town is significant. Corwen also offers Park and Ride opportunities for those travelling in from the west on the A5 and a railhead for freight at that location could assist reducing heavy lorry movements.

I would appreciate you bringing this matter to the attention of the chairperson and members of the committee. I believe that there is insufficient weight given to the argument of protecting closed track-beds and that there have been numerous instances where it has become necessary to reuse them for their original purpose. There is a clear need to be wise before, rather than after, the event.

It is clearly essential, in this case, that the Llangollen Railway effectively convinces Denbighshire County Council that its current attitude against protecting the establishment of a right-of-way past the obstructions to the trackbed at Llangollen is wrong and that they should be wise before the event rather than after when it is too late. In the most recent response from Ian Miller, Chief Executive of the Council, he has simply said that he has nothing to add to what he had written previously. I have written to senior ministers of the Welsh Assembly but have been referred to Denbighshire. Denbighshire's view is that they have no resources or funding but, quite clearly, when the financial arguments in terms of benefit to the community is assessed, and set against matters such as road infrastructure improvements, then reinstating the Ruabon to Llangollen Line will clearly provide value for money.

I also believe that too little credibility is given to the potential of the Heritage Railway Movement although powerful evidence exists to demonstrate what it can deliver in the form of delivering traffic solutions on the Isle of Purbeck via the Swanage Railway. Heritage Railways have considerable depths of experience, especially when many core participants are former and current railway employees who have a natural enthusiasm for both their job and hobby.

I am sure you will be delighted to learn that the Llangollen Railway Trust, together with the architect and contractor, recently received an Award from the Institute of Civil Engineers for the renovation of the Berwyn Viaduct. Steve Jones, the Trust's Honorary Civil Engineer, and myself attended the ceremony on behalf of the Railway Trust to receive the award from Douglas Oakervee, President of the Institute of Civil Engineers. The award takes the form of framed certificates presented to the client, the architect and contractor.

The Berwyn Viaduct renovation was completed both on time and within budget and is a tribute to the professionalism of the all those involved. The judges commented, and I quote: "We could not help thinking how diabolically awkward the site was. The quality of the workmanship is just terrific." Clearly the Railway has established its credentials for managing major projects and Steve Jones and myself have now taken on the task of Project Development Officers for the purpose of establishing acceptance by Denbighshire County Council that nothing should be permitted to occur at the former DAPOL factory at Lower Dee Mill that would preclude the potential reinstatement of a single track railway from Llangollen Bridge to the National Network at Ruabon.

The Llangollen Railway does not have the financial resources to undertake such a project and our view is that external funding in the form of grants, etc would be appropriate. What the Llangollen Railway does have is technical excellence to be able to take forward such a project and where the rural rail network can be enhanced by participation with the Heritage Railway Sector that input can lower the cost of reinstatement.

If I were to express a view insofar as the site of Lower Dee Mill is concerned, I cannot do other than observe it has potential for the establishment of a National Railway Museum for Wales and such a development would offer considerable potential for traffic growth to improve viability of a reinstated. We already have excellent facilities for restoration of locomotives and rolling stock and the combination of the Llangollen Railway with a NRM for Wales would create an excellent facility and attraction.

I am attaching copies of the route Condition Survey and Costings. These costings are for delivering a track-bed ready to receive the track. Allowing for an uplift since they were prepared in the year 2000, adding legal costs and completing works ready for service operation would bring the spend to the region of £12-£14 million.

Frank Spence
Hon Public Relations Officer

13 April 2004

Memorandum by David Dalton (RR 24)

RURAL RAILWAYS

The Committee is no doubt aware of the structure of British Rail that existed before privatisation took place. Under the Chairmanship of the late Sir Robert Reid (known as Bob Reid the First to distinguish him from the later Chairman of the same name) British Rail had been split from its previous regional areas in which all commercial activities were under the region into "Business Sectors".

These were Intercity, Freight, Parcels, Network South East and Provincial which was also called Regional Railways. It was under the Regional Railways organisation that rural lines were put. Some Senior Managers within the industry welcomed this move as they felt it would lead to a more “business lead” environment.

For example in the old Birmingham Civil Engineers area there had been long standing problems with the tunnel at Arley near Nuneaton, on the Birmingham to Leicester then East Anglia route. Money had been spent over the years on patching it up with brickwork repairs to the lining. The inception of the business sectors led to each sector having its own budget and although money was tight it did mean that routes like the one through Arley tunnel now had a sector, in this case Regional Railways, in the primacy so decisions to “invest” in dealing with problems like Arley tunnel were easier.

The tunnel duly had a very large amount of money spent on it which benefited, in the long term, other sectors such as Intercity (the tunnel being on a diversion route) and freight as the route carried a lot of freightliner traffic.

Having said that, the way that infrastructure costs were debited to the sectors was a nightmare for those of us in the civil engineering department. Track maintenance and renewal costs were debited under a system whereby the annual tonnage of each sectors trains over a set route was calculated and the costs split *pro rata*. This sounds fine but as the Freight sector was split into SUB-sectors it was a nightmare to produce budget statements. The “egg” of fragmentation we see today had been laid with the introduction of Business Sectors as their managers fought one another for a smaller and smaller pot of government money. I have seen British Rail sector managers arguing at budget meetings claiming that “our trains do less damage to the track than your trains” expecting another sector to take a bigger hit of the cost of a renewal.

During the late 1980’s British Rail was under strict financial pressure and the idea of “maintenance holidays” was introduced. You will have heard of a similar term used for pensions whereby a company fails to put money into its Pension Scheme for a number of years because the fund was deemed to be “HEALTHY”. We all know what has happened to a lot of firms’ pension schemes in recent years!

Maintenance holidays bore a very heavy burden on rural lines. Track renewals were either cancelled or a policy of only replacing one worn out sleeper out of three was to be done. This, of course, meant that instead of doing a complete track renewal in one go and replacing the ballast and rails which were also almost life expired, the job would be strung out over three years and might only end up with the sleepers being replaced along with any very, very badly worn rails. The tracks would have a reduced inspection regime for faults and the minimum amount of work would be done.

I well remember there being a specific list of lines that were to have a maintenance holiday declared on them

No doubt the British Railways Board records for the period say 1987–90 will show details of this. I am sorry I cannot give more specific dates. Whether the concept of a maintenance holiday is being considered again is open to question.

What I do know is that a couple of years ago Railtrack as it then was carried out a quite extensive sleeper replacement programme on the Exeter to Barnstaple line and similar operations have taken place since on the Oxenholme to Windemere Branch line in the Lake District and within the last month or so Network Rail has carried out extensive work on the Nottingham to Skegness line. All of these lines were included in the British Rail Maintenance holiday and, of course, it is a case of the chickens coming home to roost. Your witnesses from Network Rail will, no doubt, be able to supply you with further details.

I hope that this will have helped the Committee to appreciate some of the infrastructure problems that have been inherited from the dying days of British Rail and that have borne a particular heavy burden on Rural railways.

Having said that may I draw the Committees attention to a number of other points?

From the list of lines that I see the Committee is to inspect over the period 21 and 22 April, I was rather surprised to see that no specific “branch” line was included—namely a line that ends at a specific TERMINAL POINT. It may well be that the Committee will visit a branch line in due course but I would have thought that the branch line was, like under The Beeching Plan at particular risk from any SRA inspired schemes. Examples are as follows:

In Cornwall

The St Ives branch, The Falmouth branch, The Looe branchline.

In Norfolk

The Norwich to Cromer and Sheringham Line, The Norwich to Lowestoft Branch.

In Suffolk

The Ipswich to Lowestoft line.

Plus as a rural line the Hull-Bridlington-Scarborough line.

The effect of other train operating companies services on rural lines

One of the lines to be inspected by the committee is the Cotswold line. I have taken this to mean the Oxford to Worcester line. This line was severely reduced in operating capacity by British Rail by means of taking one track out and leaving only one track remaining as a means of reducing future maintenance. A similar scheme took place on the Aynho Junction to Bicester line in Oxfordshire a couple of years ago in replacement of the missing track because capacity was exhausted. That scheme was one of the most expensive infrastructure renewal jobs to date and caused alarm bells to ring in Railtrack and Network rail.

The Cotswold line (or what I think is meant by that term) runs through a fairly affluent area, particularly at its southern end. There are quite a number of "A & B" GROUP individuals who commute to London each day from the intermediate stations and the line also serves First Great Western trains to Worcester and Hereford. It can be assumed, therefore, that any moves to reduce the train service will be met with articulate, influential intervention that may be lacking in more deprived areas.

I well remember a former Permanent Way Inspector at Worcester telling me that he even used to get invitations to the local Hunt Balls!

The Chester to Shrewsbury Line

This is a line that "cuts" into Wales during part of its path so the Welsh Assembly will also be interested in its fate. Again, part of the route north of Wrexham is singletracked.

Summary

The committee will, no doubt, bear in mind that it is not only passenger traffic that has an interest in Rural railways. Freight traffic flows should also be considered and I trust that English, Welsh and Scottish Railways will be invited to submit evidence along with some of the newer freight operators that have come about.

One of the ideas that is floated is bus substitution for rail services. The existing Arriva trains North Wales timetable shows a coach service on the Llandudno Junction to Blaneau Festiniog line. Whether this is a "pure" bus substitution of rail services at certain times I cannot say but, no doubt, research will show.

I hope the Committee will find my submission of some use. Sometimes it is of use to have a view from an ordinary individual with no corporate view to consider.

No doubt the Committee will produce, as always, a well thought out, objective and detailed report worthy of consideration by Government and all the stakeholders in the industry.

8 April 2004

Memorandum by I D King (RR 25)

RURAL RAILWAYS

1. INTRODUCTION

In response to your communication of the 26 March (16/2003-04); the purpose of this memorandum is to raise certain points concerning the proposals being put forward by the Strategic Rail Authority for community rail routes in respect of their being managed and operated separately from the main network.

References are made in this memorandum to the Transport Committee's report "The Future of the Railway" (HC145-1) which will be referred to as the "Future Report".

Whilst such a proposal by the SRA will no doubt be welcomed by many local interests, my background as a former British Rail Area Manager responsible for such diverse Areas as Leicester, Birmingham and Manchester and also as a former Divisional Passenger Manager for the East Midlands leads me to have serious concerns for a proposal which, if taken too far, would further fragment the industry.

It is a fact that the SRA sees the solution to many of the problems facing the industry in terms of top-down reorganisation. This top-down rather than bottom-up approach may well be due to the distance from the workface of the SRA. It may also partly be due to the SRA being influenced by the increasing input to transport matters by academic commentators who may not fully appreciate how the railway works—a point borne out by the comments by such academics in paragraph 134 of the Future Report which are, quite frankly, completely wrong.

Before considering any changes to who runs a particular part of the railway industry one should not lose sight of an important fact put very succinctly in the Future Report—"The travelling public do not care who runs railway services; their concern, quite properly, is with efficiency and value for money".

2. PAST HISTORY

Whilst rural railways have been an integral part of the national network this has not stopped initiatives being taken to make them more suitable for the job they have to do. Just a selection of examples are:

1. Reducing the track from double to single line eg Chester-Wrexham.
2. “One train working” to obviate signalling costs, eg Oxenholme-Windermere.
3. Radio signalling eg Mid Wales.
4. Pay-train working—most services.
5. Lightweight trains eg Class 142.
6. Special services for local events eg a shuttle service for the Open Golf Championship at Royal Lytham and St Annes.

3. FRAGMENTATION

The SRA’s proposal involves 12.5% of the national network and 17% of all stations. If one takes out London and the South East from the total network the proportion under consideration is, of course, even higher. This is not an insignificant part of the network and any separation will lead to an even greater fragmentation than exists now. Again to quote from the Future Report—“The constant theme throughout our work was the complaint that the current structure of the industry is too fragmented to provide clear lines of responsibility and leadership and a satisfactory basis for improved rail performance”. Some of the difficulties caused if there were to be such a further fragmentation will be covered in further paragraphs of this memorandum.

4. LOCAL COMMUNITIES

“Involving the local community more closely” always sounds a fine idea but it begs the question as to what the “local community” actually is and how it will become involved. One obvious level of involvement for rural lines is the Shire County but many lines cross County boundaries and this has often caused difficulties with regard to local rail services due to there not being a common approach. Local authorities will obviously want to achieve the greatest benefit to their own communities which may not benefit the majority of passengers on a particular service.

An example of this some years ago was the difficulty in getting any agreement between the various local authorities on a strategy for the Lincoln to Crewe service.

Certain lines are actually more important for passengers who do not live in the area in question. This applies particularly to lines serving tourist destinations. Whilst the answer may be to include tourist bodies such as hoteliers or bodies such as the CPRE or the National Parks the danger will be of too many local interests becoming involved and forming a miniature Network Rail Members Group for each particular line.

5. STANDARDS

Any reduction in standards can obviously only occur if it results in there being no detrimental effect of safety. It can also store up trouble for the future. Again from the Future Report—“We are concerned that the drive to reduce costs appears in conflict with long term investment in the infrastructure.” Judging from the conclusions drawn in the Report it would seem that much of the excess cost in the maintenance of rural railways can be put down to Network Rail not managing their expenditure properly in the same way as it can for the system in general.

In terms of stock and staffing many rural lines share part of their route with other lines for example Matlock-Ambergate Junction-Derby, and stock and staff would have to reach the same standards as on all other lines where routes are common.

If it was considered that track maintenance could be reduced if line speeds were lowered this would affect the attractiveness of the service as outlines below.

6. ATTRACTIVENESS

The rural railway is in competition with the car and in some cases the bus. It will only succeed if it is more attractive than these alternatives. Speed is one aspect where it can be the better mode and any reduction in this advantage by reducing the level of track maintenance could well be counter productive.

The same can apply on longer routes with station re-openings which will, no doubt, be an aim by many local communities. In certain cases this is obviously a good thing but many stations that have re-opened have shown a disappointingly low level of user and stop-start journeys can reduce the attractiveness of the service for the majority of passengers. When the small intermediate stations were closed on the Cambridge to Ipswich line the number of passengers using the route increased by over 25% by the second year.

Many passengers travelling on rural railways are using them as part of a longer journey. Services have to connect, have to have a common fare structure and information concerning a service at one end of the country has to be available for a potential passenger at the other. The situation has deteriorated in all these aspects since the railways were privatised and there is a great danger that further fragmentation would make it even worse.

7. STOCK AND STAFF

If local railways are to hire stock from the leasing companies they will pay the alleged inflated prices mentioned in paragraph 165 of the Future Report. If they are to own their own stock it begs questions as to the standards of maintenance that will apply and how the provision of spares to cover periods of repair and peak demands will be organised. In terms of staff the question arises as to their conditions. Will they be paid less than on other parts of the system, will they be in the Railway Pension scheme—and therefore will the local railway employer contribute? How will sickness and leave be covered in an economic way?

In addition to these types of questions there will also be the matter of training and maintenance of safety standards for personnel.

8. RECEIPTS

The financial viability of local services will be highlighted if they are separated from the other operating companies. However, the allocation of receipts will not necessarily give a clear picture of the actual revenue. This is due to the allocation from through bookings (which hopefully will remain) and the percentage allocation from the point to point pooling arrangement.

9. COSTS

Whilst the aim of the SRA is to reduce the costs of rural railways there will be an increase in certain areas. There will need to be a stricter regime of inspection which will cost money. If the local authorities are to play an increased role they will increase their staffing levels to deal with the workload. There will be a more direct allocation of costs from such bodies as the British Transport Police. There will also be an increase in costs due to the loss of economies of scale and of the ordering muscle of the larger train operating companies such as Arriva or First Group.

There will also need to be insurance cover for accidents or some reserve for paying compensation which in this litigious age could amount to a considerable sum of money. Premiums for individual concerns could be quite high particularly if standards are lowered.

10. CONCLUSION

Whilst the SRA is right to look at the way rural railways are operated and managed, further fragmentation of the industry is probably not the way to go forward. This is not to say there can not be innovative approaches to the way they are funded and operated but this should be within the framework of the national network.

I D King MBE

12 April 2004

Memorandum by the Strategic Rail Authority (RR 26)

RURAL RAILWAYS

INTRODUCTION

The Strategic Rail Authority has outlined its ideas on local and rural railways in a consultation paper on Community Rail Development, published on 26 February. Following the closing date for consultation on 28 May, a strategy for Community Railways is to be developed for submission to the Secretary of State in July. The Committee's inquiry into rural railways is therefore timely and a welcome input into the development of this strategy.

The proposals are still at the formative stage and the final strategy has yet to be written. In particular, more work is needed to determine the actual costs of these lines, to define the appropriate standards for their specification and to look at how the developments planned would be delivered contractually.

The ideas developed in the consultation paper fit within the overall strategy of the SRA which is focussed on improving performance and on regaining control of the costs of the railway. This will be achieved through establishment of a strategic framework, proper specification of requirements and differentiated standards reflecting the varying requirements of different parts of the railway.

OBJECTIVES

The underlying objective of these proposals is to put local and rural railways on a sustainable basis for the medium to long term. The strategy is being developed as a framework to facilitate the development of local solutions for each route. It is not designed as a template to be applied across the board. The characteristics of the 60 routes listed are very different, but the approach provides a menu of initiatives that can be grouped to form the right solution for each line.

The other key objectives of the policy are set out below:

- To provide a separately designated network focussed on meeting local needs and specified accordingly, following the approach adopted in France and Germany.
- To provide for greater local involvement in planning local transport requirements around the capabilities of community railways. In the longer term, this could lead to a transfer of resources to allow these lines to be specified and funded locally or regionally.
- To overcome the institutional impediments to deliver small scale locally funded improvement projects and to encourage community support and involvement through initiatives such as station adoption. The aim should be to make it easy for the local community to invest their time and money in their local railway—not for the industry to put stumbling blocks in their way.
- To allow the introduction of initiatives that are appropriate to the local needs of passengers and freight customers without the requirement to make them applicable across the network.

INITIAL RESPONSES

The initiative outlined in the consultation paper has been widely welcomed and generally endorsed by passenger groups, amenity and pressure groups and local authorities. Some of the issues raised in the responses received so far are set out below, together with a commentary.

Funding

Some respondents have expressed disappointment that the initiative does not come with additional SRA funding. The taxpayer, through the SRA, already contributes substantially to these routes through franchise support payments, and the aim of the strategy is to improve the value of every £ of taxpayers support, and to provide a framework to allow local communities to contribute directly to further development.

Light rail

A number of consultants and promoters of intermediate technology have responded to promote the use of their own systems including light rail, ultra light rail, monorail and tracked hovercraft, as a solution to the rural railways problem. All these projects require high start up capital costs for specialised infrastructure and rolling stock, whereas the strategy will be aimed at achieving better results with the resources that are already available.

Bus substitution

Some respondents have suggested that rail services could be replaced by buses to release resources for the rest of the network. Whilst the paper acknowledges the potential role of bus in feeding the trunk rail route, or in supplementing an infrequent rail service, the strategy itself is being developed as an alternative to permanent replacement by buses, for the reasons set out in the consultation paper.

Line reopening

Several respondents have asked if the strategy would allow designation of heritage lines or the reopening of closed lines. The strategy is focussed on improving the performance of the existing franchised network, and there is neither the resource nor the funding to embrace existing heritage lines or future line reopenings.

Fares

Some respondents have expressed opposition to fares increases on these lines, while the retention of network benefits of through ticketing and information have been endorsed as a principal requirement. Clearly, fares have to reflect the market position, but rail is a premium mode, with its own infrastructure, specialist vehicles, and consequently high fixed costs. It should not generally underprice bus, and in particular, fares policy could be used to facilitate the introduction of interavailable ticketing where bus and train can provide a complementary service. It is intended to retain the benefits of through ticketing and of information via the National Rail Enquiry Service, while allowing flexibility for easier application of local fares offers.

Specification

Some respondents have expressed a desire to keep all options open, by specifying that lines should be capable of handling freight and locomotive hauled trains, even if there is no current demand for them. This would however result in over-specification and higher costs which in the long run may undermine the sustainability of the routes concerned.

Freight routes

Some respondents have questioned the inclusion of lines carrying freight. Specification of Community Railways would be designed to reflect the traffic actually carried—including freight, and the approach may allow some innovative approaches to freight which could attract new traffic where high rail unit costs prevent this at the moment. Freight operators have highlighted one or two routes proposed for designation where heavy freight flows predominate, and these will be removed from the list if it is unlikely that any benefit would accrue from designating them.

TENs routes

Some respondents have asked why some routes (particularly in Scotland) are not included. These are routes already designated as Trans European Network routes which clearly could not be designated as Community Railways as one of the proposals made in the consultation paper is that some EU requirements, such as those on interoperability, should not be applied when the regulations come into force.

COSTS AND BENEFITS

Overall, the regional network requires £850 million subsidy pa. Within this, the cost base of the 60 lines listed for possible Community Rail designation is not identifiable under the present rail accountancy systems. Work is under way to establish these costs and to produce a “balance sheet” for the routes concerned.

The principal potential for cost reductions lies in:

- Identifying the actual cost requirement of these routes and services, reducing overhead costs where these are not required.
- Planning on the basis of programme of longer track maintenance possessions to allow continuous work to be undertaken at off-peak times rather than in short and relatively inefficient working periods at premium rates at nights and weekends. This will be particularly effective on routes with low winter usage, to ensure 100% availability and reliability during the peak summer season.
- Moving to more consistent local planning of track maintenance, rather than an approach which is driven by the need to carry out periodic palliative maintenance to meet current response times to recorded variations in track condition.
- Maintenance cycles (and renewals where required) based on the traffic actually carried—ie for lightweight passenger trains only, where no freight or locomotive hauled trains normally operate.
- Reductions in train leasing costs where older vehicles are used, particularly to provide additional capacity to meet seasonal peak demand.
- In some cases, reduction in costs, or improved outputs, through multi-skilling of staff (eg training train crew to deal with points failures at remote locations).

The originating revenue for these 60 lines is some £45 million, with a further contributory revenue of around £35 million reflecting the “feeder” role of these lines to the main line network. Work is under way to identify the potential for increasing ridership and revenue, and there is scope to do this under four headings:

- better promotion and marketing, raising the profile of the railway within the community;
- improving revenue protection by making it easier to buy tickets before boarding the train (and improving on-train inspection);

- improving the fares yield through selective pricing, especially where rail fares are lower than those for parallel bus services; and
- promotion through Community Rail Partnerships of services for special events such as fairs, carnivals, sporting events, music trains, or trains for ramblers.

In addition to this, there is the ancillary income referred to in the consultation paper, and the spending power of extra visitors in the local economy, so that a 1% increase in ridership should produce more than a 1% increase in economic activity locally. This may be increased further where railway property is used to generate economic benefit, for example, where redundant station buildings have been converted to a travel agency or restaurant.

CONCLUSION

The initial phase of the consultation on this developing strategy shows considerable support for the concept of developing local and rural railways on a sustainable basis, but some initial unwillingness to confront some of the difficult choices that will deliver this. The principles are worth pursuing to maximise the value of the rural parts of the present network and to secure closer community involvement in their development. Much remains to be done on costs, standards and providing a contractual and regulatory framework that encourages local investment and involvement. The potential financial benefits are worthwhile, and the scope for greater contribution by the rural railway to the local economy is significant. The views of the Committee will be welcome in further development of the strategy.

Chris Austin
Strategic Rail Authority

19 April 2004

Memorandum by Church Stretton and District Rail Users Association (RR 27)

RURAL RAILWAYS

I write to you as a member of the above Association to raise concerns over the increasing difficulties being faced by the people of this area in relation to rail travel. My colleagues in the Association and I are aware of the forthcoming visit to Shrewsbury by the Select Committee and I take the opportunity in advance of their visit to raise some matters of concern.

Church Stretton is a small Shropshire town in the Welsh Marches some 12 miles to the south of Shrewsbury, and together with the surrounding hamlets, has a population of about 5,000, over half of which are of retirement age. The town is favoured by being on the railway line. The train has become a vital link to nearby larger towns of Shrewsbury, Ludlow, Hereford, Chester, Aberystwyth and with links farther a field to Birmingham, Manchester, London, Bristol and South Wales.

DECLINING SERVICES

The franchise for the network has recently been awarded to Arriva. It was our understanding that based on the company's statements, the previous level of service would be maintained if not improved. Recent discussions with the company indicate that the level of service is to be reduced with fewer trains to fewer destinations.

The service is now operating at a minimum level but nevertheless, of great benefit to local residents and businesses. Any further reduction in service will have a damaging effect on opportunities for work and business travel and for the local dependency on tourism.

Of equal concern and importance is the approach of the Association of Train Operating Companies to local travel agents. In recent years travel agents have been licensed to sell rail tickets, book seats and identify best deals for passengers. It is recognised that the resultant commission is relatively small. In the very near future the train operating companies are to reduce the commission by 20%. There are no opportunities for negotiation and licences will be withdrawn from travel agents that object.

Church Stretton is fortunate to have a travel agent which provides an invaluable service to local residents. We hope it will be able to continue its ticket licence. It is highly likely that many agents around the country will not feel financially able to continue the sale of rail tickets. Closure of this service in rural areas will have a serious effect on those populations wishing to take advantage of rail travel.

We do believe that these issues are relevant to your Inquiry as you seek to increase the use of rail travel, and to other government departments which aim to develop sustainable rural communities. Any reduction in services, plus the decision by the train operating companies, flies in the face of these central policies.

It is realised that the ultimate challenge will come from booking on-line through the Internet, which no doubt the train companies recognise and encourage. Government, however, accepts that rural populations are less likely to have access to the Internet than those are in urban areas, and as the committee will be aware, rural communities in general have lower incomes, fewer cars per head and less access to public transport than urban dwellers.

For all these and no doubt other reasons, by discouraging travel agents to sell rail tickets, the likely outcome is that rural people will be less inclined to use public transport and in many ways, be further disadvantaged. It appears that the train operating companies have taken a unilateral decision, without reference to its customers, and with an outcome that will be in direct conflict with Government objectives.

As a frequent rail user and member of this Rail Users Association, I urge your committee to consider these implications for rural communities.

John Sumner

17 April 2004

Memorandum by the Public Transport Consortium (RR 28)

RURAL RAILWAYS

INTRODUCTION

1. This submission is made on behalf of the Public Transport Consortium (the Consortium) an all-party special interest group of the Local Government Association with a particular interest in public transport. Although the consortium draws its representation from local authorities outside of the metropolitan areas, its Members and advisors have close ties with the PTAs/PTEs and the submission draws on experience from partnerships at local, regional and national level. The Consortium includes Welsh local authorities and it is in contact with interests in Scotland.

2. Most of the UK's branch lines are survivors of the "Beeching" cuts of the 1960s but it would appear that the railway industry has seen them as a nuisance rather than an opportunity. There have been a number of success stories, almost all have been due to local interests and local authority involvement. The creation of Community Rail Partnerships has provided a focus for line development and a number of local transport authorities have been involved with the pilot projects. But until recently there has been no clear interest from the Strategic Rail Authority in our rural lines, apart from a perception that the SRA was concerned to ensure that a round of closures was not seen as an option, because of the potential for a major public and political backlash.

INVOLVEMENT OF THE STRATEGIC RAILWAY AUTHORITY

3. The report produced by the SRA in February 2004 document "Community Rail Development—a consultation paper on a strategy for Community Railways" would appear to provide the first concerted attempt at central government level to seek a positive way forward for our rural railways.

4. The SRA has identified 34 lines for designation as Community Rail routes in its document published in February 2004. The Consortium supports Richard Bowker's recognition that "Britain's branch lines are important for social, economic and financial reasons" and although many have a recognisable local role the Consortium would agree that there is considerable room for improvement.

5. Since its inception the SRA has focussed on inter-city route development and given little attention to developing passenger services and improving stations on local and regional lines. Many local and regional lines (including lines now termed as Community Railways) have been subject to Local Authority Local Transport Plan proposals to improve passenger services and/or stations with the anticipation that the SRA's Rail Passenger Partnership fund would provide match funding. But the cancellation of RPP funding in late 2002 blighted many projects.

6. The Consortium has responded to the SRA and would wish to draw the Select Committee's attention to the following key issues contained in its response:

- The SRA should ensure that proposals for Community Railway development should be considered in the context of the local authorities Local Transport Plan, Economic Development, Planning, and Social Inclusion processes.
- The SRA should ensure the potential of a Community Railway is considered as part of a formal well defined consultation process involving local authorities, regional assemblies, regional development agencies and the regional Government Offices concerning proposals for new housing, workplace, education, healthcare, retail, and leisure developments.
- The SRA should ensure that consideration is given to a Community Railway's potential for rail freight including the location of road/rail or rail/sea interchanges.

- The SRA needs to ensure the availability of Rail Passenger Partnership, or other grant funding for revenue (mainly train service operation) and capital projects.
- The SRA should recognise that its internal funding needs to be considered in the context of the funding and approval processes of potential partners (eg local authorities seeking match funding from LTPs).
- However, the approach set out should not be seen as in any sense the beginning of the transfer of responsibility for these lines to local government without a proper debate on that issue.
- The existing statutory local authority half fare concessionary travel for elderly, blind and disabled people should be extended to community railways (arrangements already exist in some areas).
- There is a need to develop real time passenger information systems integration rail, bus and community transport services. These should be capable of interaction with mobile phones and remote passenger information kiosks. The latter could be multi-user and include other visitor information.

7. The Consortium welcomes the SRA's interest in seeking positive ways forward to make better use of our rural railways. The proposals mark a step in the right direction but they must be translated into effective actions and cover all such lines. Whilst it is acceptable that pilots are developed to provide guidance on good practice the Consortium would recommend that this must not become a protracted process. Many local authorities have considerable experience with rail projects in rural (and urban) areas and the Consortium would welcome the opportunity to discuss the issues with the Select Committee.

April 2004

Memorandum by Network Rail (RR 29)

RURAL RAILWAYS

INTRODUCTION

1. Network Rail is the infrastructure provider for the national railways. The company is responsible for the operations, maintenance and renewals of the rail infrastructure. This includes the operation, maintenance and renewals of all rural lines, which form an integrated part of the wider national network.

2. There is no question that rural railways are of tremendous importance for the communities they serve. Transport and other communications links are vital drivers of economic development and contribute to the vital social "glue" that holds communities together.

A SINGLE NATIONAL RAILWAY

3. Network Rail believes that the continuation of a single national rail network with one body responsible for the operations, maintenance and renewal of the railway provides the best opportunity for the continued provision of good quality rural services fully linked into the national network.

4. There is no part of the network hermetically sealed from the rest and proposals to "hive-off" any part are likely only to reduce standardisation, increase costs and undermine efforts to drive greater efficiency. Furthermore, a single national network allows the single infrastructure company the ability to make the appropriate trade-offs between high and low-used routes within the context of the overall budget available for the national railway.

5. In common with high-speed and commuter lines, the railway in rural areas needs to become more efficient and cost-effective. Network Rail believes this is best achieved through increased standardisation and economies of scale across the whole of the national network. Allowing certain rural lines to "stand-alone" risks reducing the levels of standardisation with a consequent increase in costs and reduction in efficiency. Indeed, many of these lines would not be cost-effective on a stand-alone basis at present, and any increases in costs would risk making this situation even worse.

DIFFERENTIATED ENGINEERING REGIMES

6. There may be scope for further improvements in the cost effectiveness of rural lines through greater differentiation of maintenance and renewals regimes and through derogations from standards.

7. Today most Railway Group Standards and Network Rail Standards are differentiated in respect of criteria for performance, reliability and appropriateness. At the same time, most standards set requirements, which are common across the whole network. It may be possible to differentiate these requirements on the basis that a lightly used community railway may have a lower risk profile compared to that for a high speed/high tonnage/high density trunk route. We are fully prepared to work with external agencies to agree which requirements may be relaxed on the basis of robust risk assessment.

8. It is possible that this will lead to a generic set of derogations potentially applicable to Community Rail routes, although each case for a derogation will be decided on its own merits as elucidated by the risk assessment. These derogations may in turn be developed in differentiated standards for Community Railways.

9. Network Rail is currently carrying out a series of feasibility studies to explore the benefits that could be achieved through a more efficient approach to engineering access to the railways. This approach may involve fewer, but longer, possessions and may deliver better efficiency on rural lines as well as high-speed and commuter routes. Work to date in this area appears to confirm that the potential cost savings are significant and that this depends partly on the ability to maintain and renew the network as a single entity, so that resources can be managed as efficiently as possible. This suggests that the benefits that could be derived by such an approach could be undermined by the separation of rural lines away from the rest of the network.

LOCAL ACCOUNTABILITY

10. Network Rail is currently reorganising itself on customer-focussed lines with operations managed through eight routes with closer synthesis to the map of train operators.

11. One of the objectives of the reorganisation will be to improve the Company's local accountability to stakeholders and customers. The unit of Network Rail responsible for dealing with political stakeholders, the Government and Corporate Affairs directorate, will be restructured to be congruent with the map of Government Regions, allowing for better accountability of the Company to political stakeholders.

12. Network Rail agrees with the principle that local funders should influence local outputs. Naturally, we will be pleased to explore partnerships with train operators and community groups for the development and enhancement of services and infrastructure, including stations, on rural lines which can further add to the benefit they are able to deliver to rural areas. It is likely that such local partnerships could present opportunities for joint marketing initiatives and similar which may add to the overall appeal of such lines.

STATIONS

13. Presently, Network Rail owns all 2,500 stations in the national network. The Company also operates, maintains and renews the largest seventeen stations—principally the main London termini plus major provincial stations such as Manchester Piccadilly, Leeds, Glasgow Central and Edinburgh Waverley.

14. On the remaining stations, the responsibility for maintenance and renewals is split between Network Rail and the relevant train operator. Network Rail is largely responsible for renewals and train operators largely responsible for maintenance, although the split is not a clear one.

15. Network Rail believes that accountability would be improved were a single body responsible for the maintenance and renewals of stations. Given that Network Rail is responsible for the maintenance and renewals of every other element of the rail infrastructure, and given that short franchises for train operators can make long-term investment decisions difficult, we believe that Network Rail is the most appropriate organisation to be given this responsibility.

CONCLUSION

16. Rural railway lines make a tremendous contribution to the economic and social development of the communities they serve. Network Rail believes that the long-term interests of the rural railways are best served as an integral part of the wider national network, providing substantial opportunities for efficiencies and standardisation.

17. There are, however, significant opportunities to allow reforms to the standards and engineering regimes which could deliver particular benefits to rural lines. It may be that this could lead to a series of generic derogations from standards which could be applied to community railways.

18. Furthermore, Network Rail certainly supports the principle that local funders should have the ability to influence local outputs. We would be delighted to explore possible partnerships with train operators, local authorities and local community groups to develop services and infrastructure on particular local lines. In our view, this should fit within the context of the single national network.

Memorandum by Cambrensis Ltd (RR 30)

RURAL RAIL

I was delighted to learn that you and the Transport Select Committee had travelled to Hereford by train yesterday to investigate rural train services. Thank you for taking the trouble to do this—your Committee’s assistance in this area is both welcome and highly necessary.

I enclose some correspondence with Paul Keetch MP, Arriva Trains and the Strategic Rail Authority about the abrupt cancellation of the 5.43 pm direct service from Bristol Temple Meads to Hereford (and on to Manchester).³

No warning of the cancellation of this service was given, no consultation undertaken. It just happened the next day. I now have to wait 40 minutes at Newport every day that I travel to and from Bristol, my day is even longer and I cannot collect my son from his school bus. Correspondence with my local MP has produced replies from:

- (i) Arriva trains saying that the decision was taken by the Strategic Rail Authority, and I wouldn’t have to wait for 40 minutes if I took an earlier train (apparently overlooking the fact that in the real world working people work in the afternoons); and
- (ii) the Strategic Rail Authority informing me that they have a “Capacity Utilisation Policy” and a “Network Utilisation Strategy”, which is of course an enormous relief but which does not address my mundane concerns about the 5.43 from Bristol. If you ever find out what this body actually does, apart from cancelling services that we really need, please be sure to let us know.

Places like Hereford depend on good and reliable train services to other centres, such as Bristol, Birmingham, Cardiff and London. Many people locally work either full time or part time in other places, and we cannot afford to let our transport links be knocked about in this arbitrary and unaccountable fashion.

William Wilson
Director

22 April 2004

Memorandum by Nottinghamshire County Council (RR 31)

RURAL RAILWAYS

INTRODUCTION

Nottinghamshire County Council has a long history of pursuing innovative rail development projects and playing a pro-active role in the management of the rail network within the County. The County was the Lead Authority in the development and implementation of the “Robin Hood Line” Project involving the restoration of heavy rail services in a 32 mile corridor between Nottingham and Worksop; and the County is one of the Local Authority Partners in the Nottingham Express Transit light rail scheme, the first line of which opened to the public in March 2004.

The response to the Inquiry is structured as follows. Firstly, a description of the local rail network within the County will be given. Secondly, the role of heavy rail in the County’s Rural Transport Strategy as set out in the Local Transport Plans for Nottinghamshire will be discussed and compared to alternative bus provision. Thirdly, an outline of the measures undertaken to promote use of the local rail network within the County will be given. It is hoped that these points will cover the issues which the Inquiry hopes to investigate.

It should be pointed out that because of the short consultation deadline this response reflects the views of Officers of Nottinghamshire County Council only.

1. The rail network in Nottinghamshire

Nottinghamshire is served by two main Inter-city routes. The Midland Main Line links Nottingham with Leicester and London, whereas the East Coast Main Line to the east of the County links the market towns of Newark and Retford with London, the North East and Scotland.

To the west of the County, the “Robin Hood” Line links Nottingham with the former mining communities of West Nottinghamshire and Worksop. The line was originally sponsored and funded by the Robin Hood Line consortium of Local Authorities, but has now been incorporated within the National franchised rail network as an adjunct to the Central Trains Franchise.

Linking the settlements in the County on an east-west axis are three lines which can be said to be “rural”:

³ Not printed—contact enquiries@cambrensis.org

- The Nottingham to Newark line serves many small communities in the Trent Valley, many of which are served by services which stop on request. Train services on this line are provided by Central Trains as part of a network of services linking the East Midlands with the West Midlands and South Wales;
- The Nottingham to Grantham Line is used by cross country services linking the North West with East Anglia and from Skegness to Crewe. Many of the latter services stop at the stations on the line serving the local communities in the Vale of Belvoir;
- The Worksop to Retford Line links the towns of Worksop and Retford with Sheffield and Lincoln;
- Finally, in the far north of the County, there is a line linking Doncaster with Gainsborough, Lincoln, Sleaford and Peterborough, but there are no intermediate stations within the County on this route.

2. *The role of heavy rail in the County's rural transport strategy, and a comparison with bus service provision*

The objectives of the County's Rural Transport Strategy as set out in the Local Transport Plan for North Nottinghamshire for the period 2001/02–2005/06 are given below :

- To increase transport choice and reduce isolation in the rural areas;
- To increase sustainable accessibility to and within town and local centres in ways which will enhance economic activity and encourage development in these centres;
- To restrict traffic growth and encourage modal change away from the private car, particularly for work journeys to town and local centres and other major transport generators;
- To improve road safety for vulnerable road users, and to relieve communities from the adverse effects of through traffic;
- To promote recreational and tourism opportunities in rural areas through sustainable forms of transport, including walking and cycling.

Similar objectives apply to the rural parts of Greater Nottingham, which is covered by a separate LTP. The role of heavy rail in meeting these objectives will now be considered below.

REDUCING ISOLATION IN RURAL AREAS

The number of rural communities served by rail services in Nottinghamshire is small, and most rural communities rely instead on bus transport to provide accessibility for those without a private car. A survey in 2002 identified that 55.2% of rural households were within approximately a 10 minute walk of an hourly or better bus service (a Rural White Paper standard), which is considerably higher than the national average. However over recent years there has been a significant trend of commercial bus operators withdrawing rural bus services. The County Council has responded well to this, increasing local spending on supported routes. However where they exist, rural rail services provide a valuable lifeline for the communities concerned, which may be increasingly important in the future.

ACCESSIBILITY, TRANSPORT CHOICE AND MODAL SHIFT

Heavy rail provides a fast and convenient means of access to major centres of population for people living in rural areas. In Nottinghamshire, traffic congestion in the morning and evening peak on the approaches to Nottingham City Centre together with difficulties in car parking mean that for people living in rural areas at a distance from the conurbation, heavy rail can offer a realistic alternative to the private car in accessing the city. This has benefits of increasing transport choice, restricting road traffic growth and encouraging modal shift.

Even with good bus priority measures, bus services are often unable to offer the same attributes offered by a heavy rail service in terms of speed and direct, segregated access to major centres. Where they exist, rural railways can offer commuters a more attractive public transport alternative to the private car than bus, and therefore a better chance of achieving modal shift. This has been evidenced by the success in the Robin Hood Line, where 40% of passengers have been displaced from the car.

Furthermore, the existence of a fixed and segregated heavy rail link offers a degree of “permanence” and stability to the public transport network in an area, with individuals taking long term decisions such as house or job relocation on the basis that services will be provided into the future.

PROMOTION OF RECREATIONAL AND TOURISM OPPORTUNITIES IN RURAL AREAS

In Nottinghamshire, the rural rail routes pass through areas of attractive countryside, and accessibility to these rural areas is enhanced for recreational and leisure purposes by the ability of rail services to carry bicycles—something which buses are generally not able to do.

In the case of the Robin Hood Line in the County, results of a recent passenger survey have shown that just over 10% of passengers use the line for travelling for leisure/social purposes, and this has been actively promoted in the publicity for the line. For instance, a separate guide listing possible walks from the stations on the line has been published, and with some limited exceptions, bicycles are usually carried free on the line.

WIDER COMMUNITY BENEFITS GENERATED BY HEAVY RAIL

Whilst the Robin Hood Line cannot be strictly categorised as a “rural” railway, the project has shown that investment in heavy rail can produce substantial community benefits and can play a major role in helping to achieve the transportation objectives of the Local Transport Plan. These include the achievement of environmental, economic, accessibility and integration benefits.

A major passenger survey was carried out on the line by NOP Market Research in November 2002, and the results have confirmed that:

- the line is contributing to reducing congestion and providing environmental benefits. More than one third of passengers access the line by car, taking advantage of the free car parking facilities provided at stations;
- the line has influenced journey to work patterns. Of the passengers who had changed jobs since the RHL started, two-thirds considered the line was a very or fairly important factor in their choice;
- the line has increased accessibility to employment sites. Of the passengers who had changed jobs since the RHL started, the importance of the line in choice of workplace was higher amongst those who were unable to make the journey by other means, those without regular access to a car, and for young people generally. It is these consumer groups for whom improved employment opportunities via enhanced accessibility using public transport, are likely to be most beneficial;
- the line has widened peoples’ travel horizons and broken down perceived barriers affecting access to major centres. One in five of those who had not made the journey before the RHL started said it was because there had been no other suitable public transport available. This is particularly true of shoppers for whom there may have been perceived barriers to travel into Nottingham City Centre, such as parking problems or traffic congestion. This relates to the point made above about the ability of heavy rail to offer fast journey times to major centres in part due to segregation from other traffic, and it is this attribute which can enhance economic activity and encourage development in these centres.

3. Measures undertaken to promote use of the rail network within the County

The Robin Hood Line has shown that rail can attract passengers through high quality facilities including comfortable trains with regular departure times, attractive station environments, CCTV surveillance of platforms and car parks, and live passenger information.

More importantly, this patronage growth has been achieved through innovative marketing, using attractively-designed timetable leaflets delivered door-to-door to all households within the corridor. It is felt that these measures can help achieve the patronage growth required on rural railways.

The County is trying to increase the patronage on rail services through the Rail Quality Partnerships programme. The objective of such a partnership will be to make travel by train more attractive by improving the quality of all aspects of a journey of which rail forms a major part. Three categories of improvement are highlighted :

- The service: for example, frequencies and calling patterns, quality of rolling stock, provision of ramps for easier access/egress on trains, effective customer care and integration with bus services including inter-availability of ticketing;
- The station environment: for example, live passenger information on platforms, better security and lighting, and raising substandard platforms for easier access onto trains for people with mobility difficulties;
- Access to stations: for example, improved bus interchange and park and ride facilities, provision of cycling and walking routes, secure cycle storage and improved highway signage to stations.

Over the past two years, the Council has carried out the following improvements to some rural stations within the County:

- major improvements at Newark Castle station, including the installation of CCTV to cover the station car park and platforms, the installation of a shelter on one of the platforms, and the installation of a Passenger Information Screen displaying train running information;

- improvements to other rural stations including the resurfacing of car parks, the installation of new information panels, and the installation of waiting shelters.

4. Conclusion

In conclusion, it is felt that rural railways in Nottinghamshire play a vital role in achieving the aims of the County's Transport Strategy, and that the provision of heavy rail services brings substantial benefits to the communities served. Many of these benefits would not be fully realised should these rail services be replaced by bus.

Jonathan Hall
Senior Transport Planning Officer
Environment Department

May 2004

Memorandum by the RMT (RR 32)

RURAL RAILWAYS

INTRODUCTION

RMT welcome the opportunity to contribute to the House of Commons Transport Committee inquiry into rural railways. The National Union of Rail, Maritime and Transport Workers (RMT) is the largest rail union. Overall we represent 68,000 workers from different transport industries, 40,000 of whom work in the railway industry.

At the current time the railway is struggling to cope with ever increasing demand. The Railway Forum has stated that demand for rail is likely to be greater than Government estimates. In 2003 more than one billion passenger journeys were made, the highest number since 1961. The figure is growing by more than 3% a year, one of the fastest rates of increase in Europe.

This is most welcome as rail has many virtues, including clear economic, safety, environmental and social benefits. In this respect RMT welcome the recent publication of the Strategic Rail Authority (SRA) document "Everyone's railway the wider case for rail", September 2003. RMT believe that rural railways have a vital role to play in the improvement and expansion of the network.

The Union is disappointed that despite the record levels of spending on the railway, service levels remain poor and actual investment on enhancements on the domestic railway is far less than it should be given current spending levels, even allowing for a backlog of renewals. As we have previously advised the Committee the industry needs to be simplified as fragmentation continues to hinder progress and waste valuable resources. There is unnecessary duplication between different industry bodies, contractual wrangling between companies and money haemorrhaging out of the industry through the underpinning of profits by Government.

We remain of the view that fragmentation should be reduced, and we wholeheartedly support the recent Transport Committee recommendation for the establishment of a single public sector railway authority which is publicly owned and takes over the current roles of the SRA and Network Rail. However, the single biggest flaw of privatisation, the separation of track and passenger operations, should also be reversed through the reintegration of passenger services alongside the infrastructure under the overall control and direction of the newly established public sector railway authority.

THE IMPORTANCE OF RURAL RAILWAYS

Access to rail for rural communities has already been severely curtailed. Many services were scrapped in the 1930s, there were further closures in the 1950s and the Beeching Report of 1963 culminated in the closure of many more rural services and stations. Many of these closures were very unpopular and the Government decided that the remaining rural services and the subsidies required should be protected through specific subsidies in the 1968 Transport Act. These were consolidated by the 1974 Railway Act as the Public Service Obligation Grant. Railway lines that could not generate profits were classified as part of the social railway.

The Committee has asked about the importance of rural railways to the communities that they serve. Millions of people live in rural communities and it has been estimated that around two million people do so without ownership of a car, with many more not having access to a car during the day. In future years the age profile of the UK population will become older and therefore increasing numbers of people will fall into this category. Many people use the train to travel to business on rail, particularly long distance trips. Railways are an essential part of rural life and they will often require public subsidy.

The railways can transfer people quickly to regional centres and towns for further education, health services, leisure services and business. They provide a vital link to the wider economy and undoubtedly increase access to employment for rural communities often when opportunities locally have declined. A permanent transport connection is of great value to sustaining local businesses, many of which, but certainly not all, are based on tourism.

It cannot be overstated how much value the railway can bring to a rural community. Inevitably many of these services will require subsidies, however, the monetary value of these is small when compared to the intrinsic importance of rail services to local communities. We should also note that other rural infrastructure is effectively cross subsidised, for example postal services, telephones and maintenance of rural roads. Likewise Government funding for rail needs to continue to be recognised as part of the social railway.

The SRA document correctly states that rural railway stations can also provide important transport hubs. As we will explain later bus services should not replace railways, however rural villages and other areas not currently served by the railway network should have bus services feeding into the railway network. Where necessary stations should also provide park and ride facilities.

The wider benefit of rail to the environment should also not be overlooked. When increasing car use is threatening to swamp our roads the railway also has a role to play in ensuring that local rural communities do not become overwhelmed by traffic. The RAC Foundation have estimated that latent demand for car use will be 50% higher in 2031 and these traffic increases will also effect rural areas. The increased use of rural railways is of course fully in line with Government objectives to promote a shift from road to public transport, and indeed to promote a cleaner environment.

LOCAL INVOLVEMENT IN THE PROVISION OF SERVICES

RMT will be compiling a full response to the SRA consultation document, "Community Rail Development", (February 2004). However, it is quite clear from a preliminary examination of this document that the SRA strongly favour local involvement in the funding and management of these services.

RMT welcomes more local input into services. Indeed previous examples would indicate that facilitating local control can be effective in boosting local services. In particular RMT believe that Passenger Transport Executives have been a positive force for greater democratic accountability in Britain's railways. Certainly we believe that in future there is no reason why local authorities cannot facilitate greater integration of transport modes.

The Union has long argued that there is scope for far greater integration between transport modes, and as stated above bus services should act as feeder into local railways so that passengers can comfortably transfer from one mode of transport to the other. In addition passengers should be strongly encouraged to use public transport through interchangeable tickets that can be used on both modes, with discounts available that encourage increased use of both rail and bus.

To achieve this RMT believe there will need to be local authority control over bus services and also effective regulation, which would need to be facilitated by Government legislation. The Government have so far promoted only Quality Bus Contracts; unfortunately in many rural areas the level of bus services is dependent upon the whim of the operators. The success of increased ridership in London should be noted. In the Capital the level of services, the routes that are operated and the competition between operators is regulated for the benefit of the community.

Whilst RMT see great potential in local authorities coordinating greater transport integration, we remain concerned over a number of elements within the SRA proposals. First of all the railway must retain certain standardisation of operations and equipment. At the current time professional standards are applied across the network to ensure appropriate safety on the national railway and we do not wish to see any reduction in these standards.

RMT agree that such standards should allow for variable application proportionate to the risks created by the density and type of train operations. However any such variation should also ensure continued compatibility in order to provide for through running and the cascade of trains, equipment and materials from the main line. In addition sufficient renewals, and investment in new rolling stock, needs to take place so that services are still reliable.

The principal concern for RMT is that the SRA appear to be hinting that a failure to cut subsidies through local involvement could endanger the future of certain rural lines. This would place in jeopardy the whole concept of the social railway. Certainly it would be foolish to presume that local authorities will be able to produce additional money when funding is already short for other services.

Bus Substitution

The union would like to see greater integration of transport modes. As is acknowledged by the SRA too often the railway is competing with bus services in rural areas. We agree with the SRA that this is clearly not desirable. However, we are concerned that the SRA may be proposing that buses replace rail services when the Authority, or local community control, cannot succeed in making these profitable.

The reality is that certain rural rail services can only survive through cross subsidy. This does not have to be excessive. The Monopolies and Mergers Commission on the British Railways Board Provincial Services (February 1989) applauded the fact that British Rail had reduced very significantly the financial cost of Provincial Services to the taxpayer by the end of the 1980s. Provincial included not only rural services but also Express (long distance) and urban services. The Committee is no doubt aware that RMT believe that costs on the railway can be tackled by ending the privatisation and fragmentation of the network.

Bus services cannot provide an adequate replacement for rail. Even the most basic railway stations usually offer better facilities than bus stops, especially in rural areas. Trains will always be faster than buses due to the reserved track, and trains have better provisions in respect of luggage and toilet facilities, and also generally a higher level of comfort. Even where bus services offer enhanced flexibility through visiting villages not accessible by train, the diversions inevitably mean longer journey times.

Most importantly many train passengers will not use bus services. Most of the rail closures in the 1950s and 1960s were followed by a replacement bus service. A study by the Policy Studies Institute (The Social Effects of Rail Closures, 1980) found that no more than half of the former rail users used replacement bus services, and this was when access to private travel by car was far less common than today. Buses were seen as slow, less comfortable and less convenient, and consequently many of these services were also subsequently terminated. Too many rural areas have consequently been left without any reliable public transport and road traffic has greatly increased.

The loss of passengers who did not regard buses as an adequate replacement for rail was also acknowledged in the Monopolies and Mergers Report into Provincial Railways in 1989. This report also stated that no significant cost savings could be made through bus replacement services without the withdrawal of all local rail services in the surrounding area.

CONCLUSION

The escalating cost resulting from the privatisation and fragmentation of the railway needs to be tackled. The social cost of maintaining rural railways cannot be sacrificed due to unnecessary waste elsewhere.

The SRA document, "The Case for Rail" identifies that the role played by the railway in our economy will become of even greater significance as congestion on the roads grows in the next few years. The Government forecasts that congestion is set to worsen by 11% to 20% by 2010, even if the Government's 10 year plan objectives are fully achieved. If they are not then congestion will increase by between 27% to 32%. Replacing rail with bus will cause yet more traffic with all the resulting environmental consequences for rural areas.

RMT support greater local involvement and we sincerely hope that greater local input can facilitate a rural renaissance in rail. We certainly believe that local authorities, if empowered by Government, have a crucial role to play in promoting far greater integration between transport modes and its increased use. However, the SRA will be unable to avoid the requirements for subsidies on all rural railways and there still needs to be a social railway.

Finally we would also remind the Committee that whilst the application of safety standards can be proportionate to the type of operations on a particular part of the network, there still needs to be one undivided railway network if the benefits of rail travel and necessary cost reductions are to be achieved.

Bob Crow
General Secretary

April 2004

Memorandum by the Department for Transport (RR 33)

RURAL RAILWAYS

INTRODUCTION

1. The Government believes that good transport connections are one of the essential driving forces for any country's development. They are central to achieving a better quality of life, healthy economic growth and sustainable and thriving communities, be they in urban or rural areas. In rural areas, as well as elsewhere we want to see an integrated approach to the development of regional transport infrastructures, so that the provision of transport complements the economic, social and environmental priorities embedded in planning guidance, in the 10 Year Plan for transport and in the Rural White Paper. Meeting rural accessibility needs is essential if we are to be able to build and sustain thriving rural communities. Rail transport plays its part in the development and sustainability of local economies and helps to boost the attraction of seaside and coastal towns for tourism and leisure purposes.

2. Rural railways provide often isolated rural communities with a highly valued vital link to urban areas and amenities. These services can, however, often be very lightly used and offer limited income and hence require high levels of public subsidy. This general inability to prove commercially viable has long been a

matter of concern for rural rail stakeholders, the industry in general and the Strategic Rail Authority (SRA). It is therefore appropriate to consider how best we can address these concerns by developing a suitable approach for dealing with rural rail lines and making them more sustainable.

3. The SRA's proposals for a Community Rail Development Strategy aim to do just this by putting forward radical new plans for dealing with lightly used rural rail lines, by adapting them to more closely meet the needs of the local community. The aim is not only to make them more economically sustainable but also to develop a fresh approach to the way these lines are managed, marketed and supported. The SRA published a consultation paper about its proposed approach on 26 February. The consultation period ended on 28 May. The SRA is now collating the responses received and will draft a strategy document for consideration and approval by the Secretary of State.

4. We look forward to hearing the views of the general public and local stakeholders on the SRA's proposals and to receiving the SRA's draft strategy. We also welcome the Committee's inquiry in this important area and look forward to receiving their input as well.

RURAL RAIL IN THE CONTEXT OF GOVERNMENT POLICY

5. The Rural White Paper published in 2000 gave a commitment that all Government departments and agencies would in future "rural proof" policy development and implementation, to ensure the rural dimension was taken into account. Last year the SRA announced a new approach to the long term planning of the railway network. The Authority's new document "The Railway Planning Framework: Regional Planning Assessments (RPAs)" set out the Authority's proposals for a series of guides to assist the development of the railway network in each English region and Scotland and Wales. The aim was that the RPAs would provide a framework to be followed when planning for rail services in a transport area. In preparing them the SRA is actively engaging with regional and local stakeholders, in order to be better informed when preparing a clear and comprehensive strategy for assessing the needs of an area and targeting resources to meet them. Along with this the SRA also set up a team of regional planning officers for every UK region, thereby providing regional and local stakeholders with a single point of contact to develop their strategic rail objectives.

6. The community rail proposals build upon this and aim to ensure that rural rail lines are established and run on a sustainable basis. They therefore fit not only within overall Government and SRA policy directions, but also our general approach to the provision of transport in rural areas.

7. As the Committee is aware, our focus for the railway is on bringing performance back up to acceptable standards and restoring stability and confidence in the industry. Whilst difficult decisions about what is affordable and deliverable are having to be made, rail investment continues to be set at a higher level than for any comparable period over the last 100 years. Spending on our rail network has been rising from £2.1 billion in 2001–02 and will reach £4.3 billion in 2005–06. Together with this investment it is essential that we secure a more cost-effective industry whilst making the network as efficient as possible and getting the most out of individual routes. Overall, we aim to improve the day to day management of the industry and structure more realistic timetables, whilst working with the industry to drive down costs and establish what can realistically be delivered, not only within the life-span of the 10 Year Plan but also in the longer term.

8. For this reason the Secretary of State announced on 19 January 2004 that the Department would commence a review to look at what structural and organisational changes may be needed so that the railways can operate more effectively for its customers, with clear lines of accountability and responsibility. We intend to publish proposals in the summer for a new structure and organisation for Britain's railways, and we will also set out our spending plans for the railways through to 2008 as part of the 2004 Spending Review announcement.

9. The willingness to look for new and better ways of doing things must be placed alongside sustained investment as an essential foundation of delivering a more effective railway for passengers, industry and the country as a whole. Rail plays an essential role in the economy of Britain and the lives of its people. Whilst difficult decisions about what is affordable and deliverable are having to be made, it is also sensible to look at new ways of delivering better for passengers. It is about putting the passenger first. The proposals from the SRA fully reflect other SRA Strategies and the current funding constraints. Any funding required would be subject to the same rigorous appraisal criteria and prioritisation as other initiatives in the railway industry.

THE SRA'S STRATEGY

10. The SRA's proposals aim to develop a more appropriate strategy for running presently uneconomic and heavily subsidised rural rail routes as designated community rail lines where a number of initiatives will be taken forward to make the lines more sustainable. Different solutions may be appropriate for different lines. The approaches being considered could include:

- increasing co-operation with local authorities and tourist boards to market the services better and to vary them to more appropriately meet seasonal demand;

- increasing co-operation and integration with local bus companies to integrate their services and timetables with rail;
- introducing new fares and ticketing strategies for local residents, including “add-ons” for bus services, whereby through ticketing would allow for both rail and bus use to be covered;
- reducing costs through a re-specification of routes so as to avoid more onerous interoperability requirements, health and safety requirements and consequential insurance costs, and;
- a relatively small number of routes could also benefit from being taken out of the conventional network. For example local management vertically integrated micro-franchises could be allowed for some lines, along with taking them out of the performance regime, and making the timetables suit local demand.

11. The SRA’s consultation paper lists about 60 routes for consideration under the community rail scheme. Five initial pilot schemes have been proposed in order to test the range of initiatives that have been proposed above. They would be introduced on the Esk Valley line, the Island line, the Looe Valley line, the St Ives branch and the Watford Junction to St Albans branch.

12. The overarching aims of the SRA’s proposals are jointly to reduce the level of subsidy the routes require and to adapt the services on them to more closely meet the needs of the local community. The benefits they are looking to deliver are therefore not simply financial, but also social, including improved accessibility and a better service that is specifically aimed at delivering improvements tailored to the needs of the local community.

13. An essential element of this is the adoption of a partnership approach to addressing local rail transport needs. Community Rail Partnerships, which follow this approach, have been shown to work successfully. Such rail partnerships bring together train operators, Network Rail, local authorities, passenger groups and the wider community to promote and develop local railways, through a wide range of initiatives which include working with tourism agencies, to not only consistently increase passenger use, but also increase the income from the lines concerned. Many rail lines with such partnerships have recorded large increases in passenger numbers, such as the Bittern Line Partnership (Norwich–Sheringham). It is the most successful example of a community rail partnership and has seen a 140% increase in demand over the last seven years. Whilst the success of the Bittern line is exceptional, it is by no means unique. Most routes on which Community Rail Partnerships operate have seen significant increases in demand. The SRA and the Department are keen to see such improvements to services replicated elsewhere, where those services represent value for money and are affordable.

14. We support the partnership approach to addressing transport problems. Maintaining regular and ongoing dialogue with the industry, stakeholders and user groups and the general public is the only way to ensure that we can tackle the key transport problems that we face. However, it is essential to ensure that proposals are properly appraised, are financially viable and will deliver improvements for the local community. A balance must be struck between competing objectives, because with finite resources, not all schemes and aspirations can be delivered.

15. The Government recognises the potential value to be derived from giving regional bodies a greater role, involvement in, and responsibility for delivering local rail improvements in their areas. A joined-up approach is needed with everyone working together. Effective partnerships are essential if we are to develop the strong strategic transport links that can successfully help to boost local economies and deliver the positive improvements the public and local industries need.

16. Another desired tangible benefit is better integration of rail and bus services. The SRA’s proposals aim to enhance the integration of the transport modes, improve interchange facilities and seek to promote joint initiatives between train and bus operators, working in partnership with the local community, to deliver services that are properly and more appropriately geared to the needs of that community. A number of examples already exist where the provision of bus services in rural areas act as feeder services for rail. For example the Penistone Line Community Rail Partnership (Huddersfield–Sheffield) runs a community bus service linking Holmfirth with the railway. Other examples occur in towns in Essex and in Brighton and Portsmouth, where through ticketing arrangements allow for both rail and bus use to be covered. This shows what can be achieved through co-operation and partnership working at the local level. The SRA’s proposals seek to build upon and develop further opportunities like these, where passengers will be able to enjoy as seamless a journey as possible.

CONCLUSION

17. These proposals are still at the formative stage and the final strategy has yet to be drafted. Further work is necessary to determine the actual costs of these lines, to define the appropriate standards for their specification and to examine how the developments planned could best be delivered contractually.

18. We look forward to hearing the views of respondents to the consultation and the further development of this initiative. It is important that we recognise the potential contribution that more flexible and demand-responsive transport solutions can make to meeting the accessibility needs of the rural communities. There

is no single model that will meet all the needs of rural areas, but these proposals set out a number of ways in which a more co-ordinated approach to integrating local rail services—which are more appropriately tailored to addressing local circumstances—can deliver the right solution for those local communities.

DFT

June 2004

Supplementary memorandum by the Office of Fair Trading (RR 34)

RURAL RAILWAYS

PURPOSE OF THIS DOCUMENT

1. In this memorandum, we clarify and expand on some of the issues raised during the above inquiry which we hope will aid the Committee's understanding of the role of the OFT in transport issues. We first provide some background information on the legal framework which underpins the OFT's work and how the OFT applies competition law to the bus and rail industries. We then provide some further information on some of the specific issues raised during the inquiry, including the ticketing schemes block exemption, whether coordination of bus services is allowed, the approach to benefits assessment employed by the OFT and whether journeys by car and bus can be considered substitutes.

BACKGROUND INFORMATION

The legal framework

2. The Competition Act 1998 (CA98) contains two prohibitions. The Chapter I prohibition is against agreements between undertakings, decisions by associations of undertakings or concerted practices which have the object or effect of preventing, restricting or distorting competition in the UK.⁴ The Chapter II prohibition is against conduct by one or more undertakings which amounts to the abuse of a dominant position in a market in the UK. Abuses may be exploitative (such as excessive pricing) or exclusionary, designed to exclude competitors from the market. The OFT considers it is unlikely that an individual undertaking will be dominant in its market with a market share of less than 40%.⁵

3. Since the introduction of the Enterprise Act 2002 (EA02) the OFT is now also the first decision making body for UK mergers. Mergers are either cleared by the OFT, or referred to the Competition Commission for further analysis. Under the EA02, the OFT also has the power to investigate markets that may not be working well for consumers. This can be done either if a "super-complaint"⁶ is made to the OFT or the OFT has reason to believe that a particular market may not be working well. The EA02 also makes dishonestly engaging in cartel activities—agreeing with competitors to fix prices, limit production, rig bids or share markets—a criminal offence.

4. In addition, the OFT is responsible for competition functions established for the transport sector under the Transport Act (2000) and the Transport (Scotland) Act 2001.

How the OFT applies competition law to the bus and rail industries

5. The OFT applies competition law to the transport sectors as it would to any other industry. However, with respect to the rail industry, the OFT has concurrent powers with the Office of the Rail Regulator (ORR) to apply the CA98. The OFT has an understanding with the ORR that in purely rail related matters, the ORR will take the lead. However, the ORR consults with the OFT on matters that may be of mutual interest.

6. The OFT's role is to ensure firms' behaviour is consistent with competition law, and to promote consumer benefit by making markets work well. The OFT does not have power to implement wider transport policy objectives but it may, where those objectives are consistent with competition law, explain to industry how best to meet them. This is consistent with its role in making markets work well. The OFT also meets regularly with the relevant teams at the Department for Transport to discuss issues of policy and implementation.

7. The OFT has published a number of guidelines which explain the application of competition law, a pamphlet outlining how competition law applied to the bus industry and some answers to Frequently Asked Questions.

⁴ Agreements do not have to be written down and may be in the form of "gentlemen's agreements".

⁵ European Guidance suggests dominance can be assumed if the undertaking has a market share of more than 50%.

⁶ A super-complaint is a complaint made by a designated consumer body, such as the Consumers Association.

 SPECIFIC ISSUES RAISED BY THE TRANSPORT SELECT COMMITTEE
Public Transport Ticketing Schemes Block Exemption

8. Although agreements that restrict competition are prohibited under Chapter I of the CA98, the prohibition does not apply if the agreements also deliver benefits to consumers and do not impose unnecessary restrictions or eliminate competition (as set out in section 9(1) of the CA98). In addition, the OFT may recommend that the Secretary of State make a “block exemption” which specifies that a particular category of agreement will be automatically exempt from the Chapter I prohibition, providing certain conditions are met.

9. The Public Transport Ticketing Schemes Block Exemption (PTTSBE) relates to schemes providing various types of inter-operator tickets. The PTTSBE sets out a number of conditions as to how compliant schemes must operate,⁷ which are designed to ensure that the schemes actually benefit consumers and competition concerns are minimised. Participants in a scheme do not need to apply to the OFT for a decision as to whether a compliant scheme meets the conditions, but the OFT is prepared to give informal guidance to operators, local authorities and other relevant parties. Most of the ticketing agreements that the OFT has advised on do meet the conditions for the block exemption, with only a few requiring minor modification.

10. The PTTSBE came into force on 1 March 2001 and will expire in April 2006. In 2003 however, the OFT conducted a wide ranging review of the PTTSBE to examine its effectiveness. The conclusion was that the PTTSBE is working, but there are some key conditions that could be relaxed to facilitate establishing integrated ticketing schemes while maintaining the benefits of competition. The OFT intends to consult on these changes in early 2005.

Co-ordination of timings

11. There is some concern within the bus industry that the Chapter I prohibition on anti-competitive agreements prevents operators from coordinating timings. This is not accurate in a wide number of cases. Operators are free to coordinate timetables for connecting services which do not overlap, as this will not dampen competition between these operators. However, on routes that do overlap significantly, and therefore are in competition, the OFT’s position is that coordination on such routes is a form of market sharing and is thus caught by the Chapter I prohibition. This is because coordination of timetables, like any form of market sharing, is likely to lead to restrictions in capacity in the long-term and may push up prices for passengers. In addition, agreements between existing operators on timetables can make it difficult for potential new operators to join the market, and hence undermine the competitive process.

12. As part of our 2003 review into the PTTSBE, we considered the issue of equal headways and did not find evidence that any problems concerning “bus-bunching” arise from competition law. However, the OFT has recognised that co-ordination may be hampered by the 56 days’ notice period required for timetable changes. In order to overcome this while ensuring that competition is not dampened, we have suggested operators may communicate their changes to other operators at the same time as they inform the Traffic Commissioner. More guidance will be available on this when the OFT consults on the PTTSBE.

Approach to benefits assessment

13. There are different approaches to assessing the benefits of any proposed arrangement. Such approaches include public interest tests and economic benefits tests. Economic benefits tests aim to quantify the benefits to consumers that will directly result from a proposed agreement.

14. As noted above, the Chapter I prohibition does not apply if agreements deliver benefits to consumers and do not impose unnecessary restrictions or eliminate competition. For benefits to be included in the OFT’s analysis, they must flow directly from the agreement. The most important benefits are usually reductions in price or improvements to service or quality levels, but wider benefits, such as environmental ones, may be considered. The benefits do not need to be received by the direct customers, but can be received by potential future customers or others affected by the agreement. For example, in the case of public transport ticketing schemes, the OFT takes into account the reductions in road congestion and pollution that arise as well as the lower fares and improved services that passengers receive.

Cars and buses as substitutes

15. The Committee has questioned the conclusion reached by competition authorities regarding the degree of substitutability between cars and buses. Firstly, the conclusions reached regarding market definition are specific to the facts of each case⁸ so a general conclusion is not possible. However, in the markets analysed to date, the OFT has concluded that cars and buses are not generally substitutes. These conclusions relate to whether buses and cars are sufficiently substitutable to be part of the same “economic

⁷ Failure to comply with the conditions means the block exemption in relation to that particular agreement will not apply.

⁸ For each case, the characteristics of the journeys, relative prices of cars and buses and other factors are all considered by the OFT in arriving at its final decision.

market”. This would require buses and cars to be close enough substitutes to discipline the fares that can be charged by bus operators. In our experience, most bus passengers are not able to (or find it difficult to) switch to using cars instead (for example, because they do not have access to a car or parking facilities at their destination) and this limits the constraint that potential car use exercises on bus fares.

16. It is important to recognise that, in concluding that cars and buses are not part of the same economic market, OFT is not making any conclusions about the overall desirability or feasibility of encouraging greater use of public transport. However, as noted above, OFT has taken account of the economic benefits that encouraging such a shift can have (through the establishment of integrated ticketing schemes) both for the passengers that use these services and for the public more generally.

24 January 2005

Supplementary memorandum by Network Rail (RR 29A)

RE: INDICATIVE MAINTENANCE AND RENEWALS EXPENDITURE ON RURAL ROUTES

As you will recall, when Iain Coucher and Paul Plummer appeared before the Committee earlier this month they undertook to research the overall maintenance and renewals expenditure on rural routes for the Committee. I am now in a position to come back to you on this question.

As we have mentioned previously, this is not a straightforward question to answer and the figures we provide below are based on a number of assumptions and definitions which require some explanation.

Firstly, the definition of “rural routes” is clearly vital. All routes on the network are classified by Network Rail as Primary, London and South East, Secondary, Rural, or Freight Only. The criteria for classification are that routes have the following similarities:

- Traffic (mix, type, tonnage)
- Track construction (component types)
- Business value (track access, performance costs etc)
- Output measure requirements (geometry, broken rails, TSRs etc)
- Maintenance and renewal regime requirements (driven by above criteria)

A map detailing which lines are classified in which category is available on page 8 of section 11 of the Network Rail 2004 Technical Plan. This document is available at http://www.networkrail.co.uk/Documents/bus_plan_2004/S11%20-%20%20Network%20Capability.pdf.

Based on this definition, some 6% of passenger train mileage and 5% of Network Rail expenditure in 2004–05 is on maintenance and renewals of rural lines. Based on the assumption that this proportion is constant over the previous five years (historic data is not available) this would indicate expenditure on maintenance and renewals on rural lines over the last five years is set out in the following table.

Indicative maintenance and renewals expenditure on rural lines					
	<i>2000–01</i>	<i>2001–02</i>	<i>2002–03</i>	<i>2003–04</i>	<i>2004–05</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Maintenance	40	50	60	70	60
Renewals	90	110	130	160	160

As I have said, it is very important to stress that the above figures are indicative based on the assumptions and the definition of rural lines I have outlined above.

As we outlined during the session, Network Rail expenditure on any line is carried-out in a non-discriminatory way and based on the requirements of train services on the line, rather than on any arbitrary definition of the line in question. Therefore, all lines on the railway are maintained and renewed to be “fit-for-purpose” to facilitate the required volume and character of train services and delivered in the most cost efficient way possible.

I hope this information is of use to the Committee.

Chris Rumfitt

18 November 2004

Letter from the Minister of State, Department for Transport, to the Chairman of the Committee (RR 33A)

Following my attendance at Transport Select Committee's Inquiry on Rural Railways, I promised to respond to some outstanding questions raised by the Committee at the Inquiry.

Firstly, the Committee asked whether senior officials in the Strategic Rail Authority had already left the organisation because of concerns about the proposed transfer of responsibilities to the Secretary of State. A number of staff in the Authority have decided in recent months to pursue their careers elsewhere, and in some cases uncertainty about the future appears to have been a factor. None of the 11 staff in the most senior grade has left. One of the 40 staff at the next level is due to leave in March and another at a date yet to be arranged.

The Committee also asked about future funding of the Association of Community Rail Partnerships (ACORP). As you will see from the attached letter I have [today] written to Alun Michael, the Minister for State at the Department for Environment, Food and Rural Affairs to seek clarification on the future of the Countryside Agency's funding for ACORP. Following his response I will then report back to the Committee on this issue.

Tony McNulty

18 January 2005

Annex

Letter from the Minister of State, Department for Transport to the Rt Hon Alun Michael MP, Minister of State for Rural Affairs and Local Environmental Quality, Department for Environment, Food and Rural Affairs

Following to my recent attendance at the Transport Select Committee's Inquiry on "Rural Railways" on 15 December, I was asked about future funding support for the Association of Community Rail Partnerships (ACORP). As you will know ACORP and the Community Rail Partnerships are both very important to the successful implementation of the Community Rail Strategy. I would therefore welcome your views on their future funding in light of the impending changes to the Countryside Agency, so that I may respond more effectively to the Committee.

The Strategic Rail Authority cannot make a commitment to funding in the next financial year, as it does not yet have a clear position on what funding it will have available for this type of expenditure. However, it is hoped that the Authority will be able to maintain its funding support to ACORP in this financial year, pending transfer of responsibilities to the Department.

I am copying this letter to Gwyneth Dunwoody, Chairman of the Transport Select Committee for information.

Tony McNulty

18 January 2005

Letter from the Minister of State, Department for Transport, to the Chairman of the Committee (RR 33B)

At my attendance at the Transport Select Committee's Inquiry on Rural Railways, on 15 December, I undertook to write to you on a number of issues and subsequently did so on 18 January. However at the time there was one issue on which I was unable to offer the Committee a firm assurance and that was on the future funding for the Association of Community Rail Partnerships (ACORP). I therefore sought further clarification from Alun Michael, the Minister for State at the Department for Environment, Food and Rural Affairs on this matter. I have now received his reply and am able to offer the Committee a more substantive response on this issue.

I am happy to inform the Committee that Alun Michael has confirmed that DEFRA will offer ACORP some support for the next financial year. They have not yet informed the Association of their decision, but hope to do so shortly.

I would also like to reiterate our firm commitment to maintain, at least to the present level, the funding provided to ACORP through the Strategic Rail Authority. Thus for the financial year 2005-06 the Authority will continue to provide a minimum of £45,000 to the Association.

Community Rail Partnerships are an essential strand of the Community Rail Development Strategy. Although CRPs exist independently of the strategy, each Community Rail line will need to have the support of a Community Rail Partnership, and as their representative body, ACORP's assistance in the development of the Strategy has been vital and will continue to be so as the Strategy is rolled out. I am therefore pleased to be in a position to inform the Committee of this positive outcome on this matter.

Tony McNulty

15 March 2005