

21 January 2010

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## **Lobbying on Investment in Rail Capacity**

### **Summary**

Members have raised concerns about the scaling back of planned DfT investment in rolling stock as part of the previously agreed High Level Output Specification. This paper updates members on LGA lobbying activity and discusses potential next steps.

### **Recommendations**

Members are asked to note the update and comment on how the issue might best be progressed with government.

### **Action**

As agreed by members.

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## Lobbying on Investment in Rail Capacity

### Background

1. Members have raised concerns about the scaling back of planned DfT investment in rolling stock as part of the previously agreed High Level Output Specification. These concerns relate to the announcement by DfT in early 2009 that the Government was scaling back on the promised extra 1,300 heavy rail carriages to be delivered nationally last year, and that the HLOS order for 200 additional diesel carriages has been cancelled.
2. Members drew specific attention to the impact of DfT decisions on the Northern Rail Franchise. DfT had previously pledged 182 additional carriages for this franchise. It appears that this figure is now likely to be halved.
3. At their 18 November board meeting, members reiterated that the LGA must continue to remind government that investment in transport is needed to keep local economies working, and that LGA lobbying should focus on examples of positive outcomes achievable from investment and regeneration.

### Progress

4. On 22 October 2009 the LGA wrote to Lord Adonis (Secretary of State for Transport) to raise councils' concerns about transport spending plans and to express the sector's willingness to work with government to jointly make the case for continued investment in transport. Lord Adonis replied on 23 November, and a copy of this letter is enclosed at **Annex A**. The letter:
  - agrees that there are many strategic benefits to continued transport investment;
  - notes that all Departments' resources will be subject to redistribution in pursuit of the Government's policy objectives;
  - sets out existing and planned investment in the network, and in particular notes that a transfer of diesel rolling stock to ease congestion on other lines will follow the electrification of the Liverpool to Manchester line (by 2013) and the Great Western Main Line (by 2017), and;
  - invites the LGA to meet with Chris Mole MP, Minister for Rail, to discuss these issues further.
5. At Transport Questions on 9 December 2009, in response to a question from David Evennett MP (Con, Bexleyheath & Crayford) the Minister for Transport said, of the Government, "we remain committed to delivering 1,300 additional carriages by March 2014. Some 543 new carriages have been ordered...[A]round 232 of those are already in service. We are currently in negotiations for a number of other procurements. As a result of our decisions to electrify railway lines, rolling stock requirements have changed. We will set out our revised strategy shortly."

6. In response to a question from Angela Smith MP (Lab, Sheffield Hillsborough) asking for confirmation that the Northern Rail Franchise would still receive its promised allocation of carriages, the Minister replied that the Rail Minister had met the Greater Manchester ITA, and that the Department was working with PTEG on the issue.

## **Next Steps**

7. The LGA will continue to raise the issues set out in this paper in its on-going lobbying work on transport issues, and will also make the links with lobbying on wider devolutionary issues, such as that focused on the development of City Regions and Sub-Regional governance structures.
8. Members may wish to take up the suggestion, made by Lord Adonis, of a meeting with the Rail Minister to discuss these issues further, and will also have the opportunity to put related questions to Sadiq Khan at the 21 January board meeting.
9. At its November meeting, the Board agreed that the LGA should undertake a piece of work aimed at protecting investment currently earmarked for transport, which would make the case for investment in the next spending review period as well as in the longer term. It is suggested that, as part of this work, officers liaise with affected local authorities and interested partners such as PTEG, to develop an illustrative case study based on the Northern Rail Franchise example. This case study might attempt to describe the impact of delays or cancellation of existing orders for new rolling stock on a specific franchise, its commuters and affected local economies.

## **Financial Implications**

10. None arising from this report.

## **Implications for Wales**

11. To be addressed with WLGA colleagues as appropriate.

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23 November 2009

*Dr David.*

Thank you for your letter of 22 October regarding investment in transport and, in particular, in new rolling stock.

I wholeheartedly agree that transport investment must be one of the Government's vital spending priorities, given the many economic and social benefits which it unlocks. Indeed, I am pleased to say that public spending on transport has increased by over 70 per cent in real terms since 1997. In terms of funding for local transport authorities, the Government has delivered sustained increases over the last decade, to the extent that many authorities are now receiving three times as much Local Transport Plan capital funding as in 1997. Revenue funding for transport, provided through the Department for Communities and Local Government formula grant, has also risen in real terms over this period (39 per cent in the ten years from 1997).

Naturally I also share your view that the Department's resources should not be seen as a pot to be "raided" to fund initiatives elsewhere. However, you will understand that all departments must act corporately in pursuit of the Government's overall policy agenda, and that this will occasionally involve redistributing resources between departments in the period between spending reviews.

More broadly, as you say, in the current economic climate difficult choices are likely, and I welcome your willingness to work with us on ensuring that the evidence base underlying those choices is as robust as possible. My officials will continue to work with yours on research which should help both

the Department and individual local authorities make the case for investment and secure the best value for money from available funding.

Turning to rail, I am sure you will recognise the Government's very substantial investment in both infrastructure and rolling stock over the last ten years. Rail patronage is at its highest since 1946, Britain's railways are safer than ever, and reliability is at its highest level since records began. Major infrastructure projects including the West Coast Main Line upgrade and High Speed One have brought big improvements in the service to passengers.

The 2007 White Paper *Delivering a Sustainable Railway* outlined the Government's vision for delivering a sustainable, modern railway. In total, 543 new vehicles have already been ordered since its publication. You will appreciate that the recent decision on electrification substantially affects the requirements for rolling stock over the next decade. Fewer diesels will be required as those in lines to be electrified can be cascaded elsewhere.

Electrification will also allow substantial additional capacity to be provided by re-deploying surplus electric trains displaced by the new rolling stock being procured as part of the £5.5 billion Thameslink project, which itself will provide much additional capacity linking areas to the north and south of London.

As well as this additional capacity to be provided using electric rolling stock, electrification will displace around 50 diesel carriages from the Liverpool – Manchester route by 2013, and a further 90 or so from the Great Western Main Line by 2017. These diesel vehicles can then be transferred to provide additional capacity on non-electrified parts of the network.

The Government has committed to publish a new rolling stock plan this autumn, taking account of the changed circumstances brought about by the decision on electrification and setting out a revised strategy.

Finally, you mentioned that you were keen to meet for a discussion on future plans for investment in rail. Chris Mole, Minister responsible for rail within my Department would be happy to meet you to discuss this. Please contact his Diary Secretary, Jade Baird on 020 7944 4406 to arrange a mutually convenient time.

Yours  
Andrew

**ANDREW ADONIS**