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Rail Investment

Summary

This paper provides a summary of issues, policy developments and LGA lobbying relating to investment in the rail network and makes recommendations for future lobbying activity.

Recommendation

The Board write to transport Ministers to make the case for Local Transport Authorities to have a greater role in rail franchises, including decisions on the allocation of 650 additional carriages and the right to co-signatory status for local franchise agreements.

Action

Officers to progress recommendations agreed by the Board.

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Issues

1. Numbers of rail passengers have increased by 40 % in the last decade, and despite the recession, are continuing to grow in many areas of the country. Investment in additional capacity for these rail networks has not kept pace, however, leading to significant overcrowding, which has resulted in delays, long waiting times and uncomfortable travelling conditions for the public. This congestion threatens to undermine economic recovery and delay growth. To deliver maximum value for money, rail needs to be part of an investment package that promotes integration of local transport services in a way that reflects local economic needs.

Planned investment in additional rolling stock

2. The previous government committed to an extra 1,300 carriages to be delivered across the country from 2009 – 2014. However, these plans were put on hold in late 2009 pending a review of public spending.
3. In the October Spending Review, Government announced increases to the cap on regulated rail fares to 3% above RPI for three years from 2012, to support investment in new rolling stock.
4. On 25th November, Phillip Hammond announced the Government's plans for investment in the rail network, including:
 - 4.1 Over 2,100 new rail carriages across the network by May 2019. This will result in a net addition of 1850 carriages: 400 for Crossrail, 800 for Thameslink and 650 for other franchises for delivery before 2014. Allocation of the 650 carriages is subject to negotiations with the franchised operators, but DfT expects them to result in additional carriages for services in Leeds, Manchester, Sheffield, Liverpool, Birmingham, Bristol, London Paddington and London Waterloo. The investment in new carriages will free up carriages to be redeployed on networks elsewhere.
 - 4.2 £600 million for electrification on the Great Western Main Line between London and Didcot, Newbury and Oxford; and £300 million for routes in the North West between Liverpool, Manchester, Preston and Blackpool and Liverpool to Manchester via Newton-le-Willows.
 - 4.3 Replacement 'Intercity 125s' on the Great Western and East Coast main lines.

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Annex A provides further detail on DfT's planned investment in the network.

Improving value for money from rail franchises

5. The Government is undertaking a review of the rail franchising system, including a consultation on the future of rail franchising, and commissioning a report (jointly with the Office of Rail Regulator ORR) from Sir Roy McNulty into value for money from rail.
6. Sir Roy McNulty's final report is due in April 2011. The interim report, published on 7th December, found that the railway is costing more than it used to and more than it ought to. It found that closer working and alignment of incentives between train operators and Network Rail and strong leadership across the industry could produce savings of between £600 million and £1 billion per annum by 2018-19. In responding to the interim report, Philip Hammond confirmed that confirmed that DfT planned to reform the franchising system to grant longer franchises (typically for 15 year terms), with less detailed specifications, increased operational freedom and more incentives for operators to deliver efficiencies and invest in improvements.
7. DfT is planning to produce a summary of responses to the consultation on rail franchising in early 2011 and final proposals for reform of the industry are expected in November 2011.

High Speed Rail

8. The Government has confirmed that it will go ahead with High Speed 2 (HS2) and on 20th December, the Secretary of State announced the Government's proposed route which links London to the West Midlands, Manchester and Leeds and to Heathrow and High Speed 1. A public consultation on the plans for HS2 will begin in February 2011.

LGA lobbying on rail investment

9. The LGA made the case for investment in rail in our work on investment in infrastructure in the lead up to the Spending Review. In the past, we have lobbied for a greater role for local authorities in local rail as a key part of delivering integrated local transport networks that serve the needs of the local economy. We have argued that Local Authorities should be given the rights to be a co-signatory to franchise agreements for local rail services (as used to be the case for PTEs prior to 2005) to allow local input into decisions on service and fare levels and the management of rail services.

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Proposed action

10. The Board write to transport Ministers to make the case for Local Transport Authorities to have a greater role in rail franchises, including decisions on the allocation of 650 additional carriages and the right to co-signatory status for local franchise agreements.

Financial Implications

11. The proposed action can be delivered within the Board's existing work programme budget.



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Annex A

Planned investment in rail rolling stock

Additional rail carriages - the 2008 Plan

This table sets out the 2008 rolling stock plan, together with the number of additional vehicles that were in service on 6 May 2010.

Train Operating Companies	January 2008 Plan	In service by May 2010
C2C	40	
One (NXEA)	188	12
National Express East Coast	0	
First Capital Connect	256	112
East Midlands Trains	3	
London Midland	92	28
Intercity West Coast	106	
Chiltern	12	
First Great Western	52	6
South Western	105	
South Central	106	
South Eastern	110	48
Cross Country	6	
Transpennine Express	42	
Northern	182	
England - Total	1300	206

There were 10 additional carriages in Northern in May 2010 but at the time they were paid for by GMPTE. These are now being paid for by DfT.

New carriages from May 2010

New carriages on the national rail network in England and Wales that will be introduced after 6 May 2010 and up to May 2019.

New carriages to be introduced into service after May 2010	Notes	Total
Intercity West Coast	Class 390 (Pendolino)	106
National Express East Anglia	Class 379 (Stansted Express)	120
London Midland	Class 172 (West Midlands)	69

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New carriages to be introduced into service after May 2010	Notes	Total
Thameslink	Procurement started	c. 1200
Crossrail	Procurement due to start soon	c. 600
Services between Manchester and Scotland	New electric multiple units – subject to negotiation	c. 36
Chiltern	Class 172 diesel multiple units	8
Total		c. 2139

DfT are discussing with London Midland whether there is a case for more new trains in their franchise.

Net additional carriages from May 2010

The introduction of new carriages allows existing carriages to be cascaded and used on other parts of the network. Some carriages will also be returned to the leasing companies. The table below sets out the approximate, net additional number of carriages between May 2010 and May 2019 on the England and Wales rail network.

Net Additional vehicles from May 2010	Total
Franchise operators to 2014	650
Crossrail	400
Thameslink	800
Total	1850