

PLYMOUTH CITY COUNCIL

Subject: Consultation Response to Greater Western Franchise Replacement
Committee: Cabinet
Date: 6 March 2012
Cabinet Member: Councillor Wigens
CMT Member: Director for Place
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Ref: TS/Rail/Rail Franchise Replacement 2013/Cabinet
Key Decision: No
Part: I

Executive Summary:

In the summer of 2011, the Department for Transport (DfT) issued notice to commence the process to award a new franchise for the Greater Western route starting in April 2013 and lasting 15 years. Prior to them issuing an Invitation to Tender to short listed bidders in May 2012, the DfT is undertaking a period of public consultation and seeking views from stakeholders on the specification that will be provided to short listed bidders.

Improved rail connectivity is an area which Plymouth has been actively campaigning for. Therefore, in September 2011, Plymouth City Council in partnership with Plymouth Chamber of Commerce, in anticipation of the Department for Transport (DfT) issuing its consultation on the franchise replacement, jointly commissioned a study on rail connectivity to bring together data and information from a range of sources. The study demonstrates, through inclusion of wider economic benefits, the importance of good rail connectivity to business activity and supporting inward investment.

The franchise replacement process presents an opportunity to put forward a robust case for improvement to increase the number of faster trains between London and Exeter (2 hours) Plymouth (3 hours) and Penzance (5 hours).

To achieve the implementation of these proposals will require effective channels of communication between South West local authorities, both Local Enterprise Partnerships (LEP) in the far South West, the Department for Transport and the bidders once the shortlist is announced in May. It is crucial for these key stakeholders, who stand to benefit, to be fully aligned behind the objectives of faster journey times and are able to demonstrate their combined determination that these improvements are delivered, will allow a stronger case to be made to DfT during the franchise consultation phase.

To add weight to the response, Cabinet sign off is sought to the core objectives of the new franchise specification, with our counterparts in Devon, Cornwall, Somerset and Torbay also signing up to the same set of core objectives. This will give a consistent message and provides a robust set of plans for rail service improvements that communicates a powerful message to the DfT of the ambitions we are pursuing across the whole South West.

The main body of this report is the over-arching statement setting out the core objectives required in the new franchise and will be submitted as a joint consultation response by LEPs, local authorities and local MPs together with individual detailed consultation responses, letters of support from stakeholders in the business community and supporting evidence.

Corporate Plan 2012 – 2015:

Improving rail services will support three corporate priorities: Delivering Growth, Reducing Inequalities and Providing Value for Communities:

Deliver Growth

The scheme directly supports Plymouth's growth agenda. Rail connectivity supports jobs and growth and those improvements will benefit the city's economy. The results of our own economic analysis have demonstrated the benefits to the local and national economy of an improved and faster rail journey time to London. An improved rail service increases productivity, which in turn can create a virtuous circle of benefits in economic terms.

Reduce Inequalities

The Gross Value Added (GVA) for Plymouth is below the national average. Analysis of transport improvements on local economic indicators such as GVA and employment shows that faster journey times increase GVA through business time savings and agglomeration benefits which in turn give rise to higher productivity among businesses leading to higher demand for labour, capital goods and business premises. The higher demand for labour results in the creation of new jobs as businesses increase their demand for more employees as a consequence of higher efficiency.

Provide Value for Communities

The environmental credentials of rail in relation to other forms of transport may also encourage a greater growth trajectory than might otherwise be the case and factors such as the price of petrol will play a role in the mode choice decisions of individuals. This is particularly true of longer journeys such as Plymouth to London, or Plymouth to Heathrow, where rail traditionally has an advantage over the car.

Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land:

There are no capital or revenue implications arising from this report.

Other Implications: e.g. Community Safety, Health and Safety, Risk Management and Equality, Diversity and Community Cohesion:

This is a response to a consultation issued by the Department for Transport. There are no other implications arising from this report.

Recommendations & Reasons for recommended action:

The Cabinet is recommended to:

- (i) Note the report
- (ii) Approve the wording of the over-arching response from the South West Local Authorities, Local Enterprise Partnerships to the Department for Transport’s consultation on the Greater Western Franchise Replacement
- (iii) Authority is delegated to the Cabinet Member for Transport, in consultation with the Director for Place, to give final approval to the wording of the final consultation response

Alternative options considered and reasons for recommended action:

To not respond to the consultation will mean losing out on a unique opportunity to make representations to the Department for Transport on the future specification of rail services to and from Plymouth. Other authorities will be making representations and the danger is that Plymouth’s priorities will not be heard, affecting the service over the life of the franchise, which will last for 15 years.

To not submit a joint response across the far South West authorities and the Local Enterprise Partnerships, will weaken substantially the case for better rail services made to the Department for Transport during the consultation phase.

Background papers:

Plymouth: The case for better rail services launched on 9 February 2012

Sign off:

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| Fin | Dev F 11120056 | Leg | JAR/1 3992 | HR | | Corp Prop | | IT | | Strat Proc | |
| Originating SMT Member: Clive Perkin | | | | | | | | | | | |

1.0 Introduction

- 1.1 Section 2.0 is the over-arching statement that is intended to form the basis of a joint response to the Greater Western Rail franchise consultation by the Local Economic Partnerships (LEP), Local authorities (LA) and local MPs.
- 1.2 This is currently being finalised with our partners, but is based upon positive discussions held to date.
- 1.3 The final version may well be subject to minor change and delegated sign off by the Portfolio holder for Transport is therefore being requested as part of this report.
- 1.4 A more detailed officer response is being prepared on the specific questions set within the consultation document as they relate to Plymouth, and along with letters of support from stakeholders in the business community and other supporting evidence, will form the complete submission from the City Council.

2.0 Content of the joint authority and LEP submission to the franchise replacement consultation

- 2.1 Further to the consultation for the Greater Western Rail Franchise that is due to end on the 31st March 2012, we are writing to you jointly as representatives of the far South West to set out our overarching comments upon the new franchise and indeed the future needs for rail infrastructure during the franchise period.
- 2.2 In summary, we believe that the peripheral nature of the far South West and the resultant below average economic performance of the area can be directly and positively influenced by this new rail franchise through faster connectivity; increased rail capacity; and better quality of journey for the business traveller. The improvements to rail services which would bring substantial benefits to the South West and national economies alike are:
 - An increase in the number of faster trains between London and Exeter (2 hours) Plymouth (3 hours) and Penzance 5 (hours).
 - A corresponding improvement in local rail services to provide a comprehensive network that caters for both long distance and local trips.
 - Sufficient capacity on trains between the South West and London to meet both future levels of demand as well as current levels of demand, including more capacity on local services within Devon and Cornwall to relieve overcrowding during the peaks and over the summer months.
 - A refurbishment programme to existing rolling stock and station environments, to improve the passenger experience to better suit business needs that gives people the ability to work effectively throughout the journey with access to “WiFi” and continuous mobile coverage.
 - A commitment to review the medium to long term infrastructure requirements of the network to address reliability, resilience and journey times into the future.

Unlocking economic growth

- 2.3 We welcome the investment already committed for the Great Western routes. We also recognise that massive investment on the South Western route will take many years to be fully realised. Nevertheless, the fear in the far South West is that of becoming more peripheral, relative to other parts of the UK as other major rail projects, such as HS2 and Great Western electrification to Bristol and Cardiff, become operational.
- 2.4 The South West is performing below the national average economically in places such as Cornwall, Plymouth and Torbay. The far South West Authorities are already working with their Local Economic Partners to identify opportunities to deliver growth and a corresponding improvement in economic activity. However, improved connectivity is key to unlocking the full potential. Good rail connectivity supports jobs and growth, but a lack of proximity to centres of economic activity particularly disadvantages our ability as a region to become more economically productive. Research has shown that for every 100 minutes travel time from London, productivity drops by 6 per cent¹. Such regional disparities should concern Government. In arguing for the high speed rail network, HS2, the then Secretary of State for Transport Mr. Philip Hammond said, “unbalanced growth is not just bad for the North: it’s bad for the entire country”.
- 2.5 Better connectivity to the South West is essential to attract investment and boost employment opportunities and therefore the South West is focussing on improving the economy by improving connectivity by rail as the main form of public transport to London and other parts of the UK.
- 2.6 The Minister’s response to the Westminster Hall debate was very encouraging, in that she recognised the link between good rail connectivity and how it supports jobs and growth. In her response she said “Rail connectivity supports jobs and growth, and is, in particular, vital for the tourism sector, which is such an important part of the economy in the area served by the Great Western franchise” and “it would be positive for the Department for Business, Innovation and Skills, the Treasury, local enterprise partnerships and local authorities to be engaged in the important decision in question”.
- 2.7 Unfortunately the six objectives, set out in pages 22/23 of the consultation document and endorsed by the Secretary of State for Transport for the franchise renewal fails to mention explicitly the role of rail connectivity in helping to re-balance regional and sub-regional economies.
- 2.8 The franchise objectives and the criteria by which bids will be evaluated must recognise the importance of train services to the wider economy and the economic well-being of the areas the franchise serves and that rail connectivity supports jobs and growth and therefore it would be beneficial that any evaluation of the wider economic benefits requires the engagement of the Department for Business, Innovation and Skills (DBIS), LEPs, LAs and local business groups.
- 2.9 The level of services to the far South West provided through the new Greater Western Franchise Replacement should be determined by the economic needs of the far South West and the current level of demand. There is a good case for a frequent and fast rail link from London to Exeter/Plymouth and the far South West based on balancing regional/sub-regional economies.

¹ *Meeting the productivity challenge*, University of Bath & University of West of England

- 2.10 The Cornwall and Isles of Scilly and Heart of the South West Local Economic Partnerships, the five local authorities of Plymouth, Devon, Torbay, Cornwall and Somerset and our local MPs all agree on the need for faster rail services with regular journey times between London and Exeter (2 hours) Plymouth (3 hours) and Penzance (5 hours) being our shared priority. However, this is not asking for major investment from the start of the franchise, but a recognition that improvements to existing rail services can be made early in the next franchise period which will make a big difference to the far South West 's economy and its ability to attract investment and achieve its growth ambitions.
- 2.11 It is widely recognised that a maximum 3 hour travel time from London determines investment in an area - not only to enable business to be 'done in a day' but also through investment decisions of major companies who specifically search for suitable locations by this simple rule.

Economic Case for faster train services

- 2.12 Economic analysis carried out on behalf of Plymouth City Council by leading rail industry experts, Steer Davies Gleave, shows that modifications made to the current timetable, to achieve journey times between London and Exeter (2 hours) Plymouth (3 hours) and Penzance (5 hours), produce substantial economic benefits for the far South West. Not only has our analysis demonstrated the impact on revenue accruing to the rail industry through increased passenger demand, but also identified wider economic benefits, in line with Department for Transport guidance, which have proved to be large relative to the costs. Overall, the analysis suggests that the scenarios that have been analysed present opportunities to realise economic benefits well in excess of costs, but the far South West authorities require Government support through the Greater Western franchise Train Service Requirement to realise these benefits. In the medium to longer term, the far South West would benefit further from affordable infrastructure improvements delivered through Network Rail that allow trains to operate at higher line speeds.
- 2.13 We are asking, therefore, that the improved level of economic activity achieved in Cornwall, Torbay, Devon, Somerset and Plymouth, arising from timetable modifications justifies inclusion in the next franchise an increase the number of trains between London and Exeter (2 hours) Plymouth (3 hours) and Penzance (5 hours) to eventually an hourly headway.

Capacity

- 2.14 Our concerns are not just restricted to connectivity. Demand for rail services across the country has averaged 4.5 per cent per annum between 2001/02 and 2009/10 with passenger use on the main lines to and from London at 4.2 per cent and passenger growth in the Bristol, Exeter and Plymouth travel-to-work area grew even faster, averaging 4.6 per cent per annum. The likelihood is that growth in demand in the far South West will continue and accelerate due to:
- The high level of population growth forecast in the South West region;
 - The level of new development that is being delivered or planned which is located conveniently to main railway stations;
 - The almost inevitable future upward trend in global oil prices contributing to an increasing propensity to use rail; and
 - An increasing dependence on public transport where it is available arising from an ageing population.

- 2.15 Many trains are already at capacity with no room for further passenger growth. There must be recognition through the franchise process that these drivers of growth are both recognised and factored into passenger growth projections and that we are clear how this growth can be catered for.
- 2.16 Clearly the Government has recognised the long-term benefits of £8bn investment in electrification to Bristol Cardiff, Oxford and Newbury through the Inter-City Express Project (IEP). Equally it needs to be understood that the electrification programme as it currently stands would only provide limited improvements in capacity on the railway serving the far South West as:
- The strategic link to London, from stations west of Taunton , will continue to be via the ‘Berks and Hants’ line via Westbury and not via Bristol;
 - Many local train services, including many branch lines are at capacity; and
 - Indicative timetables, post electrification of the GWML, indicates a broadly similar level of service to the current service pattern, journey times and frequencies, which would not meet current demands let alone future demand.

Quality of the passenger environment

- 2.17 Our work with local businesses has also highlighted the frustrations with the quality of journey, where it is impossible to work during the journey due to poor seating configurations and lack of wifi or continuous mobile coverage.
- 2.18 Furthermore, for all passengers, there needs to be improvements to existing rolling stock and station environments through a refurbishment programme to reconfigure passenger accommodation to better suit long distance journeys.
- 2.19 Given the importance of future connectivity and rail capacity being sufficient to meet rather than choke off future growth in demand, the ability of the new franchise to provide incentives for the franchisee to invest in building the business is vital. The complexities and long lead times associated with securing investment in infrastructure and additional rolling stock, which largely fall outside the franchise but are none the less within the gift of the Department for Transport (DfT), requires measures to be put in place to accelerate the process of funding those enhancements needed to increase capacity. The lack of additional rolling stock becoming available to accommodate passenger growth running at about 4.5per cent per annum between now and the completion of the programme of electrification in 2018 is a major concern to the South West where many services are already at capacity. We therefore, call upon Government to invest in new diesel multiple units to strengthen existing services as well as stimulating demand in the train building industry.

Infrastructure Improvements

- 2.20 Whilst it is acknowledged that the network presents some challenging issues that will require longer term solutions, we are also aware that enhancements could be made in the shorter term under ‘business as usual’ to improve journey times, train capacity and reliability. This includes for example:
- Maximising line speeds
 - Increasing passing opportunities (e.g. length and number of passing loops)
 - Reducing headway between trains (e.g. signalling improvements West of Exeter)

Electrification

- 2.21 Looking further into the franchise period, we ask that the new franchise does not ignore electrification into the far South West, as an opportunity for the replacement of the existing High Speed Train fleet. We would like to draw your attention to the conclusions arising from Network Rail's Electrification Route Utilisation Strategy (RUS) of 2009. The "Core Strategy" for the South West has to be robust, by becoming a phased and committed electrification package. Without commitment beyond the Great Western Main Line (GWML) to Bristol and Cardiff to include Cross-Country route to Birmingham and the "Berks & Hants" route from Reading to Plymouth and Torbay, the solution will be inadequate and doesn't amount to a robust strategy that is fit for purpose. Network Rail's electrification RUS demonstrated that following electrification of the GWML, the electrification of the Cross-Country route between the limit of the current electrified network in the West Midlands, which ends at Bromsgrove, and Plymouth/Paignton had a Benefit to Cost Ratio (BCR) of 5 to 1. Electrifying the remaining link along the length of 'Berks and Hants' route between Newbury and Taunton, to fill the remaining gap to make Paddington to Plymouth all electric, had a positive financial (business) case and where the BCR was described as "effectively infinite".
- 2.22 We welcome this opportunity to have inputted into the new franchise and would be more than willing to discuss any of these issues further if required.