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The Railway Forum

Issue 163, 18 October 2007

THE REGULAR UPDATE FROM THE RAILWAY FORUM

Forum Fortnightly

NEW CHAIRMAN FOR THE RAILWAY FORUM

Richard Brown, Chief Executive of Eurostar and currently Vice-Chairman of The Railway Forum has been elected Chairman in succession to Chris Green and will take over at the beginning of January 2008. The new Vice-Chairman is Haydn Abbott, Managing Director of Angel Trains.

CSR AND CROSSRAIL ANNOUNCED

As widely reported, the Government as part of the outcome of the Comprehensive Spending Review has given the long awaited approval to Crossrail. The predicted cost of Crossrail is £16bn (including contingency and allowing for inflation) with construction expected to start in 2010 and services commencing in 2017. The Crossrail hybrid bill is currently proceeding through Parliament and is likely to receive Royal Assent in summer 2008.

The Government will contribute around a third of the construction cost by means of a grant from the DfT of over £5bn during Crossrail's construction. Crossrail farepayers will ultimately pay around another third of the cost, with revenue servicing debt raised during construction by Transport for London and by Network Rail in respect of works on the national rail network. London businesses will contribute broadly another third.

The business contribution is through a variety of mechanisms. Direct contributions have been agreed with a number of key private sector organisations including Canary Wharf Group, the City of London Corporation and BAA. The Mayor is proposing to use Supplementary Business Rate (SBR) powers (assuming they become available following consultation) to levy a supplement of two pence per pound of rateable value across London from April 2010 (with relief for businesses with a rateable value below £50,000). This will be used to service £3.5bn of debt raised by the Mayor during construction. Finally the Mayor is proposing to secure contributions from property developers along the route.

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The Comprehensive Spending Review (CSR) was presented alongside the 2007 Pre-Budget Report and sets out the Government's priorities and spending plans for 2008-09; 2009-10 and 2010-11. Within the overall totals of public expenditure, the 2007 CSR confirms the 2.25% annual real increase in the DfT programme budget set out in the overall long term funding guidelines for transport announced in the 2004 Spending Review.

The CSR will cover Year 1 and Year 2 of Control Period 4 (2009-2014) which through the Statement of Funds Available to support the High Level Output Specification makes available £15.3bn of Government support over five years. The CSR headlines a number of outputs expected in CP4 including the Thameslink programme and raising the level of punctuality (PPM) to at least 92%.

ANNUAL SYMPOSIUM

A successful Annual Symposium was held on 9th October attended by many key figures in the industry. Rail Minister Tom Harris MP was the keynote speaker. A summary of the presentations will be sent as a special Forum Fortnightly as soon as possible.

RAIL FRANCHISE ENFORCEMENT POLICY

Rail Minister, Tom Harris MP has announced the publication of a consultation paper on rail franchise enforcement policy. The consultation will be available on the DfT's website for the twelve week consultation period, running from 15th October 2007 to 4th January 2008.

RAILWAY FORUM SUBMITS EVIDENCE TO SELECT COMMITTEE INQUIRY

The Railway Forum has submitted a memorandum of evidence to the House of Commons Transport Select Committee who are to conduct an inquiry into the thirty year strategy. The evidence broadly welcomes the five-year HLOS/ SoFA for Control Period 4 and states our support for the funding to be made available and the capacity increases proposed for passenger traffic and the creation of a strategic freight network. The Forum however does take issue with the thirty-year strategy, firstly with regard to traction with the lukewarm approach by the DfT to further electrification and secondly the longer-term capacity issues for inter-urban rail transport. The Forum believes that there is a case for revisiting mainline electrification schemes and that there has been a tenuous argument in the White Paper on the potential conflict (due to electro magnetic interference) between ERTMS installation and electrification. The Forum's position on High Speed Rail has also been restated.

CONSERVATIVE CONFERENCEFRINGE - HAMMOND CLAIMS SYSTEMIC FAILING

Speaking at a fringe meeting at the Conservative Party conference, Shadow Transport Minister, Stephen Hammond accused the Government of systematically failing to take up the challenge of delivering a sustainable railway system, which provided for the demands of the future.

The Conservative Party believed that rail had a central role to play in ensuring that the future transport system worked efficiently, he said, but that there were a number of key challenges to address, such as a substantial increase in passenger numbers, lack of capacity and a complicated fare system.

Mr Hammond asserted that under the current arrangements, the rail structure would not be able to cope with future demand, and that the main problem here was that privatisation was fast becoming a 'victim of its own success'. He added that the Government had failed to take up the challenge of delivering an effective rail system, despite claims that the recent rail White Paper was the most ambitious strategy of the last fifty years.

The Rail White Paper should have been 'so much more', he said, and that following a strategic review of Britain's railways, it was clear to the party that the current structure would not provide the capacity increases required for both freight and passengers, and that this would prove stifling unless targeted action was taken.

Mr Hammond called for a closer working relationship between track and train which would provide a 'vertical integration' of operators and ensure that the travelling public was seen as the customer of railways. He added that investment should be made with that in mind, and that reintegrating the model between track and train would help to drive out a number of structural inefficiencies.

The Conservatives also believed that the franchising structure was not delivering for the public, he said, and that franchising periods were too short to allow for greater innovation and investment. Franchise periods needed to be longer, and had to provide an evolutionary process to track and train.

Responding to claims that there had not been enough rail policies from the Party, Mr Hammond said that the Party would be launching a number of strategic projects such as a detailed analysis of high speed rail, and that if the Party came to Government it was possible that the first part of a national high speed rail network could be in place within ten years.

He added that this was 'hugely exciting', and that he believed that at the next general election, the Conservatives would be seen as the Party with the most innovative thinking on rail.

*The Railway
Forum: making
the case for rail*

LABOUR CONFERENCE FRINGE - TRANSPORT QUESTION TIME

The Department for Transport would completely change its appraisal of new projects in order to address climate change, Transport Secretary Ruth Kelly said at the Socialist Environment and Resources Association's (SERA) 'Transport Question Time' fringe event at the Labour Party conference.

Also answering questions were Lord Bach, Simon Kirby of Network Rail, George Muir of ATOC and Stephen Joseph of the Campaign for Better Transport. Chairing the event was SERA's Andrew Pakes.

Ruth Kelly said that while she did not want to pre-empt the publication of the carbon reduction strategy, which would be a response to the Stern report, she suggested that a new approach to transport policy should be mode-neutral and focus on value for money, social factors and impacts on climate change.

Ms Kelly believed that helping people make the right decisions rather than forcing them to cut carbon emissions was the best attitude and the market should be used where possible to make the price of transport options reflect the true cost of carbon.

Stephen Joseph, Executive Director of the Campaign for Better Transport, argued that pricing methods for reducing carbon emissions were limited and that the Government had to develop ways of entrenching low carbon transport.

He noted that Britain was the most car-dependent country in Europe and that enabling people to live without cars through public transport initiatives was a key priority.

George Muir, Director General of ATOC, said that rail, accounting for 8% of transport in the United Kingdom, could not solve climate change on its own, but as an industry it could do more.

In the short term, the rail network should integrate with local bus networks to increase use of public transport, he suggested. In the longer term, the carbon intensity of electricity generation would have to be brought down drastically, he stated, adding that the projected ten per cent reduction by 2025 would not be enough.

Simon Kirby, Director of Construction and Investment at Network Rail, warned that rail could not rest on its laurels as the greenest mode of transport, and called for further electrification of the network to reduce fuel consumption.

Fielding several questions on railways covering weather, congestion and fares, Mr Kirby said that the priority for investment was in train performance, which meant ensuring the network ran smoothly in adverse winter weather conditions.

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He added that his company was assessing the policy changes required to cope with the effects of climate change, including flooding. His company's current projects, such as Crossrail, would increase capacity in order to handle the expected numbers of passengers in the future.

Mr Kirby announced that Network Rail was on course to reduce its costs by 30% - one of its commitments when it took over from Railtrack. He hoped that this would ease upward pressure on fares.

Mr Muir said it was necessary to ascertain what the expansion aspired to in the White Paper entailed.

He defended the price of train tickets, referring to the range of ticketing options available. He highlighted the need for more innovative ways to sell empty seats in order to increase efficiency and cited the 'Megatrain' scheme run by Stagecoach as an example of good practice.

Ms Kelly responded to Mr Muir's first point by explaining that it was difficult to predict what kind of rail system the country would need in thirty year's time. She said that the details of doubling capacity had to be left open for future governments to decide, but that the DfT were working on the technology to support this.

She supported his argument on pricing, arguing that the cheap fares were available in advance. She added that the Rail White Paper addressed the complexity of the current pricing system.

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RAILWAY FORUM MEETING ROOM

Do you ever need the use of a small meeting room? Are you looking for somewhere in central London?

If so, we have just the place, the Railway Forum Meeting Room is now available for private hire on a daily or half daily basis.

Located on Grosvenor Place and within a three minute walk from Hyde Park Corner Tube (Piccadilly Line), the room can comfortably seat up to 14 people in a boardroom format and whilst there are no catering facilities as such (tea and coffee can be provided) we can always arrange for you to have a buffet lunch provided at cost to you.

For further details please speak to one of the team on 0207 259 6543 or by email to railinfo@railwayforum.com

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Making the case for rail

Upcoming events:

Further details on all Railway Forum events are available at:
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The Railway Forum

The Railway Forum is an industry-wide body sponsored by the majority of the train operating companies including Eurostar, Network Rail, all three major rolling stock leasing companies, the Passenger Transport Executives, Transport for London, and many manufacturing and other businesses serving the UK rail industry. In all we have over 50 members. We are complementary to the other rail associations, who are themselves members of the Forum: The Association of Train Operating Companies, The Railway Industry Association. Our key role is to act as a think tank, information exchange and point of contact for those committed to and interested in our industry.