

Cheshire and Warrington Local Transport Body (CWLTB) response to the Rail Industry Strategic Business Plans

EXECUTIVE SUMMARY

The CWLTB welcomes the opportunity to provide an initial response to the Network Rail and Rail Industry Strategic Business Plans for Control Period 5 (2014-2019) through the Office of Rail Regulation.

The CWLTB supports investment in rail infrastructure that will deliver new and improved rail services to boost connectivity and economic performance.

The plans go some way to demonstrating that this objective can be achieved but the CWLTB wishes to see outcomes from the plans for Control Period 5 and in the planning for Control Period 6 that will secure greater benefits for Cheshire and Warrington and its neighbouring sub regions in the North West and North Wales.

Key areas that should be addressed in the plans are:

- A commitment to more significant improvements in rail connectivity from the Northern Hub investment and subsequent rail re – franchising, ensuring faster and more frequent services via Warrington and Chester and on our North South routes serving key towns such as Crewe, Macclesfield, Wilmslow and Congleton.
- Improved rail freight connectivity into Seaforth and other Mersey Docks.
- Detailed plans and investment into solving the West Coast Main Line capacity constraints at Crewe and integrate with the Phase 1 and Phase 2 HS2 proposals during CP5 and CP6.
- Planning improved sub regional connectivity at Crewe ahead of HS2 via Kidsgrove junction to Stoke, Macclesfield and Congleton and via reopening the Middlewich branch line from the Mid Cheshire Line.
- Extending rail electrification to the Crewe to Holyhead line via Chester and between Warrington and Chester.

1 BACKGROUND

- 1.1 Both Network Rail and the Rail Industry as a whole have produced Strategic Business Plans (SBPs) for Control Period 5 (2014-2019) in response to the High Level Output Statement (HLOS) and Statement of Funds Available (SoFA); that were published by Government in July 2012. The Network Rail Plan is now subject to review by the Office of Rail Regulation (ORR), as part of their Periodic Review process, to ensure it achieves the objectives of the HLOS and SoFA, and represents value for money.
- 1.2 The ORR has launched a formal consultation on the Network Rail SBP, and there is also opportunity to submit comments to the Rail Delivery Group (RDG) on the Industry SBP.
- 1.3 The CWLTB has a number of key priorities relating to the development of rail services. CWLTB intends to base future discussions with the Department of Transport (DfT) during the production of the HLOS and are a useful reference point for considering the SBPs. These priorities are:
 1. Improving Peak Capacity and Rolling Stock
 2. Securing connectivity benefits from the Northern Hub
 3. Extending Electrification across the North West and North Wales rail network.
 4. Preparing for High Speed Rail by upgrading and adapting the existing rail network for the first phase of HS2.
 5. Continued investment through a number of Small Projects Funds, in particular to support local authorities and station improvements plans.
- 1.4 In addition to these priorities, the CWLTB sees the need for the Network Rail SBP to address proposals to improve safety, service performance, journey times, customer satisfaction, rail freight and their overall efficiency. These proposals are important in terms of enhancing the contribution the rail network is able to make to the transport network as a whole and, therefore, to economic growth – both nationally and locally.
- 1.5 The SBP would deliver efficiencies and this needs to meet the planned reduction in taxpayer support. The plan must meet this expectation to ensure there is no knock on effect on any franchise payments to train operators to avoid these being reduced at a faster rate than Network Rails costs and should be challenged in this respect.

2 CHESHIRE AND WARRINGTON STRATEGIC RAIL PRIORITIES

- 2.1 The CWLTB have an emerging set of strategic rail priorities to drive rail industry funding from 2014 to 2019 and support future dialogue with our partners and which form the basis for shaping our initial response to the SPB. These are:

Improving Peak Capacity and Rolling Stock

Securing connectivity benefits from the Northern Hub

Extending Electrification across the North West and North Wales rail network.

Preparing for High Speed Rail by upgrading and adapting the existing rail network for the first phase of HS2.

Continued investment through a Small Projects Funds, in particular to support local authorities and station improvements plans.

3 THE NETWORK RAIL AND INDUSTRY STRATEGIC BUSINESS PLANS AND THE CWLTB RESPONSE

- 3.1 Government identified that over the period 2014-19 it would spend £16.8bn (net) on the railway. The HLOS estimated that the specified infrastructure enhancements would cost £10.009bn, whereas in their Strategic Business Plan Network Rail has estimated that the enhancements will cost £10.960bn. These infrastructure enhancements represent approximately one third of Network Rail's total programmed expenditure. In relation to the CWLTB priorities the plans make the following commitments.

Improving Peak capacity and rolling stock

- 3.2 The Network Rail SBP sets out that during CP5 the plan will enable 68% additional seats in the AM peak period into Manchester, catering for a forecast 22% increase in demand. The electrification programme for the north of England will deliver much of the additional capacity required, and the Network Rail SBP confirms progress with this scheme – although greater clarity of delivery dates for the later phases would be helpful. The plan will also enable an additional 88% seated capacity into Liverpool (non Merseyrail). Whilst these planned capacity increases are to be welcomed into the key Regional Centres in the North West, the Industry SBP contains an outline rolling stock strategy, which lacks clarity and therefore provides little confidence that the industry is adequately addressing requirement. The additional depot costs associated with an expanded fleet are not included in the Network Rail plans.

Securing connectivity benefits from the Northern Hub and Other Planned Infrastructure Enhancements

3.3 The HLOS included commitments to deliver all elements of the original Hub proposals (as modified by electrification plans). Network Rail's January plan envisages completion of the Hub works by 2019, subject to them being able to acquire all necessary planning consents in a timely manner. This includes:

- the Ordsall Chord connecting Victoria with Piccadilly;
- more track capacity between Piccadilly and Oxford Road stations (the "Castlefield Corridor"), and two new platforms at Piccadilly;
- electrification of the Lancashire triangle and Cross Pennine routes, together with line speed improvements on most routes from Manchester to neighbouring cities;
- an extra platform at Manchester Airport, allowing longer trains from across northern England to serve the airport;
- extra capacity on the route from Liverpool to Manchester (at Huyton) to allow more longer-distance and commuter trains to run; and,
- extra capacity at Rochdale enabling more trains to serve commuters from Rochdale into and across Manchester, and facilitating further improvements in services on the Manchester-Bradford and, in future, Manchester-Burnley route.

3.4 These investments could help with rebalancing the economy of the UK, and driving prosperity in the North. The potential economic benefits are very significant, providing for:

- between 20,000 - 30,000 new jobs, and an additional £2.1 billion pa GVA impact by 2021 for the North of England; and
- Overall, up to 700 more trains per day with space for 44 million more people to travel by train each year, improving connectivity between many towns and cities across the region.

3.5 In Wales, there is a commitment to re-doubling of the line between Wrexham and Chester (Saltney Junction), as well as journey time reductions on the North Wales Coast line with the objectives of improving connectivity, reducing peripherality and increasing revenue to the rail industry.

3.6 However, the CWLTB believe these economic benefits from the Northern Hub package can only be fully realised for the UK and North West if rail services to key destinations in Cheshire and Warrington are significantly enhanced as a result:

- The new franchises in the North of England, and specifically those that will replace Northern and TransPennine Express, contain funded commitments to deliver the new and faster train services. Local Authorities across the north of England have developed proposals to government that would allow them to lead the re-franchising process for the North. A central aim of that proposal is that the franchise terms allow for these economic outcomes to be delivered
- The committed improvements planned for CP5 are used to unlock the potential that rail can deliver for the CWLTB area, including:
 - Increased service frequency and faster journey times between Chester and Manchester;
 - Re-aligned service patterns on the CLC line between Liverpool and Manchester via Warrington Central to better address capacity issues along the route and provide the scope for improved local connectivity and accessibility into Liverpool and Manchester (including new stations).
 - Improved journey times are achieved from Crewe, Congleton and Macclesfield into Manchester Stations; and
 - The scope and opportunity cost for integrating new direct rail services between North Wales (and Liverpool John Lennon Airport via Chester (and Halton Curve) is pursued with WG.

3.7 The Network Rail SBP confirms work on the planning and delivery of the Northern Hub schemes is progressing to achieve delivery by the end of Control Period 5 (CP5).

Extending Electrification on the North West and North Wales rail network.

3.8 The CWLTP supports the need for additional electrification in the North West and North Wales. Electric trains deliver substantial passenger benefits, as they can accelerate quickly and often travel at higher speeds. However the biggest strategic benefit is that they reduce the costs of running rail services in the longer-term (reducing rolling stock costs by 20-

40%); such reduction in franchise costs enable investment in additional rolling stock (as set out above) and other improvements identified into future franchises specifications.

- 3.9 The Network Rail plans include a significant programme of electrification elsewhere in the UK that will create the opportunity in future to gain other local benefits from electrification at relatively low marginal cost (e.g. electrifying from Liverpool to Sheffield via Warrington and Manchester following the electrification of the London-Sheffield route).

Other routes in the region where electrification may have a case include Crewe to Chester (with the potential to continue this onto Holyhead) and Warrington to Chester.

Preparation for High Speed Rail

- 3.10 CWLTB sees the need for provision to be made for funding work to integrate High Speed Two services into the conventional rail network. The first phase of HS2 (between London and Lichfield) is planned to be open in 2026 with trains running through Cheshire and Warrington to Liverpool, Manchester and Scotland from that time. Network Rail has made provision of £36m for the “phase one” high speed infrastructure at Euston station and at other locations.
- 3.11 CWLTB expects that where it is relevant that Network Rail’s plans for CP5 and CP6 take account of the HS2 proposals – and where appropriate consider any early development or implementation actions. Of concern is the capacity of the West Coast Main Line between Lichfield, through Crewe and past Warrington. The significant opportunity exists to integrate plans to address capacity issues on the WCML and HS2 at Crewe to achieve greater connectivity benefits for the whole of the North West of England and North Wales. The CWLTB intends to enter into high level dialogue with the DfT, Network Rail and HS2 to ensure all organisations plans are integrated in a holistic manner to ensure the maximum connectivity outcomes are achieved.

Small Projects Funds

- 3.12 The CWLTB supports the inclusion of funds for smaller projects. The HLOS has made provision for the following smaller funding pots, and Network Rail has proposed that governance arrangements should follow the principals used for the similar funds in CP4. If, however, responsibility for future franchises is devolved from DfT to local bodies this may need to be reviewed.

- £309 million for improvements in passenger's journey experiences including in relation to reducing journey times and improving performance;
- up to £206 million station infrastructure improvements and "Access for All" measures. These sums appear relatively modest especially given uncertainty in government policy as to whether franchises should take the leading role in delivering station improvements;
- a £206 million fund for development of the strategic freight network; such investments often have spin-off benefits to passenger services as well; and
- a £67 million fund to enable Network Rail to reduce the risk of accidents at level crossings.

The CWLTB will seek and support the delivery of projects in our area from these different funding streams.

Other Network Rail plans

3.13 The Network Rail plans also includes the following, which will have benefits for the CWLTB area and are broadly welcomed:

- continued improvements in railway safety;
- improvements in overall train performance (as measured by the passenger performance measure (PPM)) towards 92.5%. Network Rail notes that it will prioritise making improvements to performance on long distance routes (including the West Coast Main Line). The plans are not clear on what level of improvements (if any) that might be expected on other routes in the North West;
- improvements in journey times and other smaller enhancements on lines to Buxton (via Disley) and Macclesfield/Congleton/Stoke;
- power supply upgrades on the West Coast Main Line and infrastructure enhancements in the Stafford area;
- improvements in levels of customer satisfaction as measured by the Passenger Focus surveys, with a focus on information provided at times of disruption;
- development of freight terminals at Port Salford and Ditton (Widnes);
- improvements in rail industry efficiency. In the 10 years to 2014 Network Rail expects to have reduced their costs by over 40%, and they are planning to further reduce costs by 18% during CP5. This would give a cumulative reduction in costs of over 50% in 15 years.

The HLOS/SoFA, however, is expecting taxpayer support for rail industry to reduce from £3.8bn in 2011/12 to £3bn in 2018/19. This suggests that during CP5 franchise payments to train operators will need to reduce at a faster rate than Network Rail costs, but it is not clear from the Industry SBP how this can be achieved. It is vital that efficiencies are sought in areas that do not adversely impact on the customer in order to afford improvements in outputs from the new franchises; and

- carbon and energy efficiency targets, climate adaptation plans and plans that take into account Government's broader environmental agenda, including relating to natural environment, health, quality of life, noise and air quality.

3.14 The CWLTB believes this review needs to also consider the following additional issues:

- the lack of clarity on timescales for completion of certain of the infrastructure works – notably in relation to electrification in the region towards the end of CP5;
- the lack of clarity in relation to a rolling stock strategy to support the electrification investment in the region and omission in the plans for the depots and other facilities associated with the larger train fleet that will be necessary to provide greater peak capacity and the new services envisaged as part of the Northern Hub plans;
- the need for transparent governance arrangements for the “small scheme pots”;
- the extent and impact of wider rail industry plans to improve efficiency in non-customer-facing areas. The outcomes of the industry plans are not clear in this respect. This is an important area for us to press as without such progress then the improvements we seek in new franchise outputs will be less affordable; and,
- the need for Network Rail to develop appropriate levels of transparency in its costs base so as to allow the benefits of closer working between train operators and Network Rail (as recommended by the McNulty into rail industry costs) to be realised, particularly in relation to our proposed plans for devolution of franchise responsibility.

BACKGROUND DOCUMENTS – available on line

Strategic Business Plan for England & Wales; Network Rail; January 2013.

Industry Strategic Business Plan England & Wales; Rail Delivery Group; January 2013.