Written evidence submitted by London First (IRP0095)

Introduction:

1. London First is a business campaigning group with a mission to make London the best city in the world to do business, for the benefit of the whole UK. We convene and mobilise business leaders to tackle the key challenges facing our capital. We are made up of almost 200 leading employers across a wide range of sectors, including strong representation from the transport sector.

2. We welcome the Government's desire to invest in and improve the rail network across the United Kingdom. Investing in rail can boost productivity, growth, and job creation. Connecting the UK's cities and connecting those cities to the wider regions in which they sit helps to create efficiencies and agglomeration benefits that support the national economy. These benefits are not limited to the places in which the investment is happening. For example, the investment in new rolling stock for the London Underground has resulted in a new factory being built in Yorkshire. In short, we support investment in infrastructure outside London because it is not a zero-sum equation. Levelling up in the Midlands and the North benefits London, just as investments in the capital benefit the rest of the UK. London is not in competition with Birmingham or Manchester but with the likes of New York and Paris, and in an international and interconnected economy the UK's towns and cities will level up or level down together. This is the background for our interest in the Integrated Plan for Rail (IRP).

London and the national rail network:

3. London plays a vital role in the national rail network and rail is central to the success of London. Sixty-three per cent of journeys on the UK rail network start and/or end in the capital and according to the Office of Rail and Road, in 2019-20 London had the highest number of total journeys of any UK region, recording 940 million passenger journeys pre-pandemic. Of these[1], 406 million were to or from other regions, with around 85% of these journeys being made to/from the Southeast or the East of England.

4. London is also much more reliant on public transport than the rest of the country. As a result, London is the UK's biggest rail success story. For

example, 49%[2] of commuters usually travel to work by public transport, while only 3 in 10 Londoners drive to work – less than half the rate of any other region in the UK. The numerous benefits of this, including reducing emissions and journey times and encouraging higher levels of walking and cycling, are reflective of long-term government goals for both the green transition and public health. Levelling up through rail investment must not lead to levelling down of the parts of the network that function effectively and support the region of the UK that provides the largest per capita tax surplus to the Treasury (over £4,300 per person per year pre-covid).

5. In this context it is worth noting that – notwithstanding the emergency agreements with train operating companies and Transport for London (TfL) – rail in London currently faces a funding shortage. TfL is responsible for providing many of these services and, pre-pandemic, received more than 70% of its revenue from passengers. With commuter numbers still down on pre-pandemic levels, revenues remain substantially below the sustainable level required. The experience of many London rail users will be shaped as much by the scale and nature of TfL's long-term funding settlement as by the decisions taken on the national network. Similarly, many commuter rail services are facing significant reductions despite the level of post-pandemic demand being highly uncertain, as it will remain for a number of months or years. Whilst travel patterns are bound to have changed as a result of the pandemic, it is too soon to draw meaningful conclusions and service levels should not be allowed to be a constraint on recovery in the short term. And any integrated plan for the UK's rail network must recognise the needs of all regions of the country and provide adequate funding.

Connectivity and infrastructure:

6. The rail network itself is complex and changes to plans in the North of England can have significant consequences for London termini. The IRP recognises this in relation to HS2 and Euston, and whilst single phase construction at the station will ease disruption the delayed timetable (completion is now expected in 2035) and lack of resolution to the connection with HS1 are both disappointing.

7. Similarly, it is clear that the IRP represents a reduction in connectivity, capacity, and productivity gains when compared to the commitments that had been made prior to its publication. This is primarily due to the

cancellation of the eastern leg of HS2. The UK's high speed rail spine will now only run between London, the West Midlands and the North West. While this helps to overcome the north-south divide, it is likely to create a new east-west divide, with half the country being left to make do with Victorian infrastructure. The promised upgrades are likely to be hugely disruptive, delivered to a similar timeline to the original plans, but deliver less in terms of connectivity and capacity.

Opportunities for greater integration:

8. Integration is not, however, all about hard infrastructure. Any meaningful integrated rail plan should address the future of fares and ticketing across the UK. The aspiration for "London-style" ticketing technology in other large cities is to be applauded, but it remains unclear what the strategy is for national level integration. There is a risk that the development of multiple regional back-office functions prevents the simple, seamless, and unified customer experience to which the Williams-Shapps Plan for Rail aspires. For London, the interaction between the national rail network and TfL services is particularly pertinent. Ticketing within London works extremely well in and of itself but quickly becomes complex once off TfL services. For example, customers still need paper tickets to get from one side of the capital to the other. Greater clarity is required on the long-term vision for ticketing, even in the absence of much-needed reform of the fundamental fares structure.

9. Additionally, there remains a need for greater integration of investment planning and delivery. There are significant savings to be made from a properly planned pipeline of infrastructure investments. The IRP has little to say about how the projects it contains will interact with other Network Rail investments, let alone the investments being made by other transport providers (such as TfL) or the wider infrastructure sector. A proper, stable, pipeline can stimulate additional investment in secondary industries and facilities, not to mention in the training and skills development of the people who deliver these projects. There is a serious risk of labour shortages in critical parts of the rail investment pipeline if projects are not part of a coherent pipeline for which businesses and skills providers can plan. As the location for some significant recent investments in this sector, London can play a role in supporting the development of the UK rail network, but there needs to be a plan to enable this without a brain drain

that levels down the capital. Properly funding devolved bodies such as TfL and creating the structures for serious engagement and integrated planning between these bodies and national organisations such as Network Rail and Great British Railways (GBR) is the minimum necessary to achieve this.

Funding stability:

10. All of these long-term projects require stability of funding if they are to be delivered efficiently and effectively. Whilst we welcome the £96 billon pledge in the Williams-Shapps White Paper, there needs to be greater transparency about how this money will be delivered, including the extent to which this relies on savings within the industry. We are concerned about the achievability of these targets and the potential impact not only on the delivery of the projects within the IRP but the consequent impact on the UK's net zero and levelling up ambitions.

11. This is no reason to pit different regions against one another. The UK as a whole faces a significant infrastructure deficit, and this is a drag on the country's productivity and growth. The National Infrastructure Commission concluded that within the fiscal remit that HM Treasury[3] has set for gross public investment in economic infrastructure (between 1.0% and 1.2% of GDP for each year from 2020 to 2050) there is scope for meeting the needs of London while addressing the claims of other parts of the country for significant transport investment. The NIC further concluded that over 90% of infrastructure investment over the 30 years to 2050 should be on transport, and a little over 10% of transport funding should be allocated for TfL (including Crossrail). Investing sufficiently in the transport infrastructure of every region of the UK is within the country's financial capabilities, and will help to level up the entire country and meet our net zero targets.

Transparency and collaboration with the private sector:

12. The UK rail industry is facing significant upheaval in the coming years and the successful delivery of the IRP will depend in part on how successful these structural reforms are. The strategic aims of GBR are to be welcomed, but the risk of recreating an overly centralised British Rail 2.0 must be guarded against. The best way for GBR and the IRP to succeed will be to work transparently and collaboratively with the private sector. This requires early engagement and willingness to recognise the significant commercial

and operational expertise that exists, not only from the last three decades of the UK's railways but also from international best practice. Structures to enable this must be built-in from the very start of the process.

January 2022

Endnotes

[1] Regional Rail Usage 2019-20 (orr.gov.uk)
[2] Regional Rail Usage 2019-20 (orr.gov.uk)
[3] transport-expenditure-in-london-cin60.pdf