

Rail Delivery Group

Response to:

House of Commons Transport Committee inquiry – *‘The Integrated Rail Plan’*

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About the Rail Delivery Group

The Rail Delivery Group (RDG) welcomes the opportunity to respond to the Transport Select Committee's inquiry into the Integrated Rail Plan (IRP). RDG brings together the companies that own and run Britain's railways, including Network Rail and HS2 Ltd. This submission represents the views of independent train operating owning group members.

Overview

The £96bn of investment committed to in the IRP for the expansion of rail in the North and Midlands is welcomed by the rail industry and should bring meaningful economic benefits while also delivering for the environment and customers. Train operators are keen to play their part in helping make sure that the IRP delivers what passengers want and aligns with the 30-year strategy for Britain's railways currently being developed by Great British Railways.

The pandemic has presented an unprecedented challenge for our railways, with a significant reduction in passenger numbers creating a revenue shortfall¹. The rail industry remains grateful to government for the support that the sector has received throughout the pandemic. This has ensured that – at the height of lockdowns – key workers could continue to travel, and supplies continued to reach business and customers.

As we look to recover and eliminate the revenue shortfall, operators will need to attract passengers back on to trains and encourage more demand beyond that. The private sector previously played a huge role in growing revenue following privatisation. If they are to do this again effectively, they will need the right capacity on the network to offer more services and options to travellers.

The UK economy stands to gain from rail's recovery with wider economic benefits being derived from rail travel across the North and Midlands. In Great Britain total spending associated with rail travel was around £133bn per year pre-pandemic (not including rail fares), with the average passenger spending as much as £94 per journey on activities such as shopping, entertainment and eating out when they arrive at their destination. This equates to £9bn spent in the North West pre-pandemic, while £6.4bn and £5.3bn were spent in the West Midlands and Yorkshire respectively².

The IRP takes account of the short-term reduction in demand due COVID-19 and focuses instead on delivering a core network of schemes which bring outcomes for passengers, sooner than would be achieved under previous proposals. As such, the choice has been made to scale back long-term capacity of previous proposals in favour of delivering improved journey times in the short-term.

However, by choosing not to be as ambitious as originally proposed, government risks not adequately increasing capacity and releasing space on the current network to drive long-term economic growth and achieve wider government goals. Our principal concern, with the scaling back of HS2's eastern leg and Northern Powerhouse Rail (NPR), is that infrastructure requirements will not be met in the North and the Midlands in the future. In addition, operators' scope to drive reliability and resilience will also be constrained. If train

¹"Passenger revenue totalled £1.9 billion in the financial year 2020-21 which equates to just 18.3% of the £10.4 billion generated in 2019-20. Industry revenue currently sits at 49% compared with 2019 levels."

Office of Rail and Road: **Passenger Rail Usage 2020-21 Q4**, dataportal.orr.gov.uk [website], <https://dataportal.orr.gov.uk/media/1946/passenger-rail-usage-2020-21-q4.pdf>

² **RDG report (2021): More than a journey** [website], <https://www.raildeliverygroup.com/about-us/publications/12841-more-than-a-journey/file.html>

operators are to be measured against future passenger growth and customer experience, leaving out key pieces of the jigsaw will inevitably hold back their ability to do so.

We want to ensure that rail is the first choice for both passengers and freight customers and operators have the infrastructure to make this happen. There is a risk under the current IRP that Government may not be able to deliver to a greater extent against some of its core policy for the benefit of the nation: Building Back Better; Levelling Up the regions; and reaching Net Zero by 2050.

While the industry has had to take a fresh look at current levels of demand and plan differently, with the right investment in infrastructure, Britain's rail operators can add even greater value and make a significant difference to the pace of recovery, delivering better outcomes for passengers, taxpayers, and helping our communities to level up.

New infrastructure vs upgrading existing lines

It is not only important to contextualise the IRP within the confines of the pandemic and rail's wider economic benefits, but also within the parameters and constraints by which the railway operates. Underpinning most IRP decisions is route capacity. This defines the maximum number of trains, people or freight that can travel on any given route in a set amount of time. This will always be limited by different types of trains having to share the same track.

While route capacity can be maximised through non-infrastructure measures such as lengthening services, timetable changes and so forth – when all traffic is the same type, introducing different types of services with different stopping patterns will often impact capacity and reliability³. The type of infrastructure related alternatives to increase capacity, are often to build passing loops, introduce a fully modernised signalling system or to build wholly new lines to accommodate more services.

All these options come with trade-offs and benefits which government must weigh up when considering infrastructure development. Broadly, constructing new high-speed lines will ease pressure on the existing track by reducing overcrowding on the network, but is a time-consuming and expensive undertaking versus upgrading existing infrastructure which will allow benefits to be realised sooner but limits the capacity benefits that can be achieved; with more strain put on the existing network where inevitably more trains will need to share the same sections of track.

Understandably, the more immediate nature of upgrades under the current plans will allow government to be more responsive to current demand. As we have seen during the COVID-19 pandemic, demand can fluctuate hugely and although current capacity constraints will be reduced by upgrades, the potential for exponential rail growth must not be ignored and the ability to react to this effectively is dependent on the construction of new lines.

What is now proposed in the IRP?

HS2 Western leg

The western leg of HS2, Phase 2b will be built from Crewe to Manchester, with the new line servicing Manchester Airport and Piccadilly stations which largely reflects original plans. Completion of the western leg will deliver improved journey times to Crewe, Manchester and beyond while freeing up capacity on regional lines. Enabling a mixture of high-speed intercity

³ Network Rail (2021) Framework Capacity Statement 2021, p.13 [website], <https://www.networkrail.co.uk/wp-content/uploads/2021/05/Framework-Capacity-Statement-2021.pdf>

connections and more efficient local connectivity through capacity increases, which will help connect more people and businesses to opportunities and drive economic growth.

While this represents a significant positive step for the North West, by requiring services from Liverpool and Leeds to ‘turn-back’ at Manchester Piccadilly, current capacity at an already congested inner-city transport hub⁴ will only be further squeezed.

HS2 Eastern Leg

The eastern leg of HS2 Phase 2b represents a scaling back of original plans, where HS2 would have previously served both Leeds and York via the East Midlands. In light of the financial challenges faced by the UK during the pandemic, the cost identified in completing this leg were deemed not to justify the business case.

Rather, a high-speed line from Birmingham to East Midlands Parkway will free up capacity at a crucial inner-city pinch point where many local and regional services are concentrated. However, reducing the amount of segregated high-speed line through the East Midlands and North East will limit connectivity available to passengers in these areas. A decision has been made to reduce the HS2’s eastern leg given intermediate market trends; however, this capacity might be necessary in the long-term.

Northern Powerhouse Rail (NPR)

The original scheme for NPR would have seen a new high-speed line from Liverpool via Warrington and Manchester Piccadilly station, continuing across the Pennines to Leeds with a stop also at Bradford. Under the IRP the continuity of the dedicated high-speed line is scaled back to include new sections of track between Warrington and Manchester and on to Marsden in West Yorkshire, with remaining sections using existing, albeit upgraded, lines.

The decision has been taken to upgrade rather than build new lines here. Making it easier to travel east to west though neighbouring cities – when compared north to south – will undoubtedly enable regions to grow economically and not simply see funding and expertise head south to London. Delivery of a high-speed portion of line between Manchester and West Yorkshire as part of phase one of NPR will deliver substantially improved connectivity for places like Warrington and Manchester yielding further benefits.

However, sections of the proposed NPR have been missed meaning cities such as Leeds and Bradford, widely accepted as one of Britain’s least connected cities, will lose out on a key opportunity for local regeneration. Plans for connectivity to the city of Hull are also omitted from the IRP. Under original plans for NPR, Hull would have benefitted from fully upgraded and electrified lines. Without ameliorating its local infrastructure, Hull, like Bradford, may struggle to attract further investment and visitors and limit its levelling up potential.

Trans Pennine Route Upgrades

Under NPR the construction of a new line from Manchester to Leeds would have freed up capacity on the existing route and would have meant 12 trains per hour between the two cities instead of the 8 now proposed. The new line would also have connected Bradford directly to Liverpool, Sheffield, Newcastle, Hull and Manchester Airport – and, with a new line, the current Trans Pennine route could be upgraded without significant disruption.

⁴ Network Rail (2021) Congested Infrastructure Capacity Enhancement Plan [website], <https://www.networkrail.co.uk/wp-content/uploads/2021/02/Castlefield-Corridor-Congested-Infrastructure-Capacity-Enhancement-Plan-26-February-2021.pdf>

The IRP now proposes the complete electrification of the Trans Pennine Route including full digital signalling and the addition of longer sections of three and four-tracking, which will allow a greater number of fast trains to occupy the same lines as stopping services, providing an additional 20% of passenger services compared with pre-pandemic levels. Additionally, gauge clearance upgrades will allow intermodal container freight services to run on the line for the first time creating vital decarbonised connections between trading ports in Grimsby and Liverpool.

Electrification/Upgrades to East Coast and Midland Main Lines

Electrification of the Midland Mainline (MML) will continue past Market Harborough to Nottingham, Derby and Sheffield and will result in similar journey times to London from Sheffield and Chesterfield as would have existed under the original HS2 plans. However, by not completing HS2 in full, services will have to join the existing line to reach their destinations. The MML has limited capacity as it is largely two-tracked, and a long period of disruption is likely to be expected to both electrify and integrate high speed services.

On the East Coast Mainline (ECML), investment will focus on digital signalling and power supply upgrades to increase some sections to the originally planned 140mph running speed, reducing journey times from Leeds to London and Newcastle to London by 20 minutes and these benefits will be realised sooner than under original proposals. Extra three and four sections of track will also be constructed to allow for stopping/fast services to integrate and by removing a number of level crossings will also lead to faster journey times.

What will be the impact of the IRP on customers and government goals?

Capacity

The government acknowledges in the IRP that “the primary requirement is capacity”. The trebling of capacity described, refers mostly to an increase in fast intercity services on the East Coast Mainline and Midland Mainline. However, the sharing of capacity between intercity, regional and local services may lead to operational challenges that might impact reliability.

The decision to reduce the scope of HS2 by not completing the eastern leg in full as well as curtailing the new line that was proposed from Manchester to Leeds will reduce the full capacity gains that would have been otherwise realised. These new high-speed lines would have freed up space on the existing network for intermediate stations to be served by local stopping trains, therefore negating the ‘route capacity’ issues described above.

Rail freight

In addition to competing priorities between fast inter-city trains and local stopping services on the current network, a lack of high-speed lines will put a ceiling on expected rail freight growth. The rail freight sector has been the real success story of the pandemic, helping to keep supermarket shelves stacked and warehouses fully stocked while proving resilient enough to withstand issues arising from the HGV driver shortages and related supply chain crisis.

Freight and passenger services compete for track access and a number of schemes which would improve freight capacity have been cancelled, such as the Felixstowe-Nuneaton freight corridor. As noted in the Plan for Rail, RDG and its freight members want to see an ambitious growth target for the sector and believe that Government should be setting a target of trebling freight volume by 2050⁵.

Infrastructure must support an expansion of this scale that would not only support the wider UK economy but also levelling up of the regions in question. It is estimated that rail freight contributed £2.45bn to the UK economy 2018/19, £795m of which were benefits accrued in the North and Midlands (32% of UK total). Rail freight has a vital role to play in contributing to the Government's net zero ambitions too with the potential to remove 7m lorry journeys per year, reducing emissions on average by 76% when compared to road transport. This equates to around 1.4m tonnes of CO2 emissions saved each year⁶.

The eastern leg of HS2 in particular represented the best opportunity to create a substantial increase in capacity for rail freight in the UK, with freight playing a vital role in the local and economies of these regions. Without high-speed lines such as HS2's eastern leg to facilitate rail freight capacity (by freeing up other lines), freight operators may struggle to achieve the economic and environmental benefits Government is striving for.

Passenger experience

While the work involved in building new high-speed lines present little or no disruption to the existing network; the installation of new signalling and other upgrades may lead to disruption over the many years of their delivery envelope.

This disruption and associated rail replacement services are known to be one of the biggest reasons for passengers choosing not to travel by rail. As such, more intensive periods of renewal on the network may impact passengers' perception of rail as a genuine alternative to other forms of transport – this is particularly problematic post-pandemic when there is real need to bring passengers back to the network. While in the long-term running more intensive services on even upgraded lines, will likely push the limits of infrastructure and potentially result in a less reliable railway.

Persuading customers to choose to travel by train will be dependent on a reliable service. In the long-term, this reliable service would likely be delivered by brand new lines operating in conjunction with existing infrastructure, enabling maintenance to be conducted with minimal disruption. In order to deliver the ambitious improvements in customer experience that are required, fares revenue needs to grow consistently and the only long-term way this can happen is with the increased capacity that new lines would deliver.

As the rail sector moves into the new era of Passenger Service Contracts, operators will rightly be judged on the customer experience and ensuring that they have the ability to influence customer behaviour is dependent on infrastructure upgrades being delivered on time.

Whilst large infrastructure projects play a big part in creating capacity, there are other ways in which to better make use of current capacity. We believe that through fares reform the industry can smooth the 'shoulder peak' cliff edge and push the sector to make best use of capacity by spreading demand throughout the day, not just in commuting rush hours⁷. By creating a more flexible fares structure, customers can be encouraged to shift their travel patterns and overtake 'fresh air' as the main railway customer in off peak periods. This can work in conjunction with the planned upgrades in the IRP to increase and more evenly distribute rail capacity.

⁵ DfT (2021) Williams-Shapps 'Plan for Rail' [website], <https://www.gov.uk/government/publications/great-british-railways-williams-shapps-plan-for-rail>

⁶ RDG (2021) Rail Freight: Building a Stronger, Greener Future for Britain [website], <https://www.raildeliverygroup.com/about-us/publications/12827-2021-07-rail-freight-future-for-britain/file.html>

⁷ RDG (2019) Easier Fares for All [website], <https://www.raildeliverygroup.com/about-us/publications/150-2019-02-easier-fares-for-all/file.html>

The £360m committed by Government for the roll out of contactless pay-as-you-go ticketing to over 400 stations in the Midlands and North will help transform the passenger experience in some of Britain's biggest conurbations, allowing for greater cross-modal integration with local bus and tram networks. This announcement, building on last year's Comprehensive Spending Review, will help increase confidence in the rail network as seen on London's TfL network and drive levelling up in the North through increased urban connectivity.

Levelling up and connectivity

One of the main drivers of economic growth is rail connectivity, which is rightly identified by the Government as a crucial means by which to level up regions. Supporting connectivity between neighbouring cities across the North – those closer in distance but currently involving longer journeys than those from North to South – will enable regions to grow economically and decentralise opportunity from London.

For example, the western leg of the HS2 project will deliver a dedicated high-speed line from Birmingham to Crewe, improving journey times to Manchester and onwards – freeing up capacity at inner city pinch points where many local and regional services are concentrated. By enabling a mixture of high-speed intercity connections and more efficient local connectivity through capacity increases, more people and businesses will be connected to opportunities driving the kind of economic benefits seen in the Southeast.

However, it should be noted that there is a risk that greater connectivity is not released, limiting what improvements to local services are possible. Greater congestion on the network could see many of the potential benefits of upgrades lost to reliability issues and as a result a limiting of the IRP's capability to level up the North and Midlands.

Decarb and electrification

Delivering a decarbonised transport network and encouraging modal shift to rail is also a critical element of the Government's aim of reaching net zero carbon emissions by 2050. Rail remains the most effective and green way to move large numbers of people and large quantities of goods over long distances.

Plans to invest in further electrification along the Midland Main Line, the Trans Pennine route and East Coast Main Line will provide greater efficiency for passenger services. The electrifications proposed in the IRP would also see 75% of freight trunk routes being decarbonised, enabling more freight operates to move away from diesel power.

These are positive steps, but we are still calling on the government to commit to a rolling programme of electrification to take place between now and 2050. It is estimated that the Government needs to be spending £12bn more a year on transport, including on electrification to deliver its own net zero targets⁸

While the rail industry recognises the constraints on the public purse in the immediate aftermath of the pandemic, a commitment of this scale would help drive down costs in the long term, avoiding the fragmented process which causes 'feast and famine' within the supply chain which inevitably leads to increased costs to the taxpayer.

Delivering the Integrated Rail Plan

RDG understands the rationale behind scaling back more expensive and long-term projects, given uncertainty post pandemic of future demand and financial pressures. Therefore, if the

⁸ IPPR (2020) <https://www.ippr.org/news-and-media/press-releases/government-investing-only-12-per-cent-of-what-is-needed-to-tackle-the-climate-and-nature-emergency-warns-ippr>

Government is to concentrate instead on regional links and upgrades, it must focus on delivering the specific projects as set out in the IRP and deliver them on time.

As plans progress, we must be mindful of the effect they may have on the reliability and resilience of the current network. Operators will work hard to deliver the best journeys possible for passengers, with all partners including Great British Railways mindful of the possible disruptions involved. While necessary, upgrades could lead to issues with current services, impeding operators' ability to deliver the excellent customer experience required of them and drive further passenger growth.

An altogether more holistic approach will be required if GBR is to deliver on the objectives set out by Government. Without adequate levels of new infrastructure, the ability of Government – and, indeed, the railway industry – to deliver against the objectives of the levelling up agenda and the drive to net zero, will inevitably be constrained.

Conclusion

With the right investment in infrastructure, Britain's rail operators can add even greater value and make a significant difference to the pace of recovery, delivering better outcomes for passengers, taxpayers, and helping our communities to level up.

The current approach to IRP, when compared to previous proposals, risks not adequately increasing capacity and releasing space on the current network. If train operators are to be measured against future passenger growth and customer experience, leaving out key pieces of the jigsaw may limit their ability to do so.

While industry has also had to examine current levels of demand and plan more efficient ways of operating, the scaling back of HS2's eastern leg and Northern Powerhouse Rail risks not meeting the infrastructure requirements of the North and the Midlands into the future. As a consequence, in the long-term Government might be constrained in its ability to deliver against core policy objectives for the benefit of the nation, including Building Back Better; Levelling Up the regions; and reaching Net Zero by 2050.