

## **The Future of the Wales and Borders Rail Franchise**

### **Submission by SARPA (Shrewsbury to Aberystwyth Rail Passengers' Association).**

**Whether the current franchise meets passenger needs and what lessons should be learnt from it;**

1.1 A misplaced assumption of no growth at the start of the present franchise has not proved at all helpful. There was no compulsion on the operator themselves to develop the business which has meant that incremental improvements in passenger numbers have required additional levels of funding from government. There must be a clear plan to grow the business and in future the operator must be required to demonstrate an investment programme to achieve this.

1.2 The present industry structure has meant that the railway is unable to respond quickly to changing needs, even where it is abundantly clear that the provision of an enhanced passenger service would generate substantial growth in traffic. We have observed that the Welsh Public Transport User's Committee (PTUC) at one of their meetings commented unfavourably on what was referred to as the “Glacial pace of change” within the rail industry.

1.3 Meanwhile, the problem of fragmentation remains and which is the primary driver of the high fare/high subsidy railway created by the 1993 Railways Act. At 2012 prices British Rail in its last year needed £6.00 of income per passenger journey made; by 2012 this had risen to £8.00 of income per passenger journey in the restructured industry, with a network and rolling stock fleet fundamentally the same size as in BR days but carrying double the number of passengers and generating 240% more revenue. If privatisation had delivered on its promises unit costs should have come down rather than gone up. British Rail was a vertically integrated organisation and the evidence base points towards this structure being more efficient. The McNulty report published in 2010 concluded that railways in mainland Europe were on average 30% more efficient than in mainland Britain. The Westminster Government for ideological reasons chose to ignore that these railways

were vertically integrated.

1.4. We make comment on service frequency and draw the attention of the committee to a report by the Westminster Parliamentary Transport Committee published in 2005 . In conclusion No 12 they stated “Those responsible for rural railways should aspire for a reliable hourly service as a minimum”.(House of Commons Transport Committee “Rural Railways”. 5<sup>Th</sup> Report of session 2004–05 <http://www.publications.parliament.uk/pa/cm200405/cmselect/cmtran/169/169.pdf>)

## **2) How passengers should be involved in the franchise development and delivery;**

2.1 The current franchise was planned in a vacuum with a democratic deficit. Passenger groups like SARPA commented at the time that the new franchise needed to accommodate growth but a “no growth” model was foisted on the people of Wales. This was done by the then Strategic Rail Authority (SRA) and co-signed by Welsh Government in 2003. This arrangement was proved wrong almost overnight and we feel rail user organisations like SARPA, which represent passengers should have far greater input. We have a track record of being proved right.

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**How communities and local government / Regional Transport Consortia should be involved. Could they be involved in specifying the franchise or perhaps even in delivering services?**

**3.1** The Mid Wales Transport Consortia – TrACC could do better things if given the powers and budget, though in its present guise it has difficulty living up to expectations. Decision making has to be decentralised and open to the public, too many mistakes have been made behind closed doors in the past and this must not continue.

**3.2** The rolling programme of electrification in the UK suggests that there may be a case for Diesel Multiple Unit (DMU) business unit centred on the Cambrian and operationally separate from the rest of the franchise in the future – SARPA would welcome exploring potentially decentralised delivery structures involving Local Government /Local Communities/ Local Staff

**3.3** Nevertheless, the operator must be encouraged to take the lead in the provision of extra services beyond the Passenger Service Requirement (PSR) where these may prove profitable.

**4) The management model to be adopted, including the Welsh Government's proposal for a not-for-dividend franchise;**

**4.1** The not for dividend proposal is an interesting development and is worth further investigation. Overall, TOC profits account for 3% of franchise costs and 1.5% of industry costs on average throughout the UK which is equivalent to 12p per passenger journey. Nevertheless, the amount of money this represents is actually quite substantial. In our case here in Wales, the current franchise operator made a profit of £18.6m in 2012 which goes to benefit the parent owner, Deutsche Bahn. This money could otherwise be used to improve capital infrastructure here in Wales and its transference to improve the financial position of a foreign state rail operator is clearly unacceptable.

**4.2** The Deutsche Bahn business model itself may be worth further investigation as an alternative. The organisation has been extremely successful in spreading its operations throughout the World, including taking over the Welsh franchise operator, Arriva Trains Wales (ATW). It now operates in 130 countries. If successful this may offer considerable scope for development, though there may be constitutional questions to be resolved first. This may be a matter for the Silk Commission.

**4.3** Passengers want solutions that work. A return to the natural structure of the

railway – vertically integrated is required as the other themes discussed will be easier to achieve if the railway is efficient.

**4.4** The current structure of the rail industry sees more interference and micro managing from government than British Rail ever had to contend with. For instance Officials in the Department for Transport have needlessly procured the world’s most expensive train – the “Super Express Train”, to be built by Hitachi and which will be forced into use in Wales. They have also specified the number of carriages on commuter routes at franchise changeovers, leading to gross overcrowding. Civil Servants are not up to the job of running railways and really, this should be left to railway professionals.

**4.5** SARPA’s experience of Welsh Government Officials is one of people who have often demonstrated a poor grasp of the subject matter and fail to answer the questions asked. The recent Welsh Government funded refurbishment of ATWs Class 158 fleet saw officials insisting that the original and inadequate plans had to be adhered to even after we had gone directly to ATW and convinced them to make alterations to the better. Thankfully the trains now have a passenger specified interior as opposed to a civil service one. The relationship with the Welsh Government has to be that of one that is arms length and free from day to day interference in operational matters.

**4.6** A vertically integrated railway which is free from Civil Service and Political interference is required with long term agreed investment plans that have been drawn up with local communities, passengers and local government.

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**5) How the franchise specification should improve the passenger experience, including issues such as franchise length, targets / incentives and the core service standards which should be included;**

5.1 Specification should not just be a dumb list of numbers of trains per day. Passengers and the wider economy in Mid Wales have been failed by the current franchise not including any specifications for improved connections, commuter trains into regional centres or catering for additional seasonal traffic.

5.2 Once in situ a mechanism must be available to allow for changed circumstances and flexibility as opposed to 15 years of stagnation in a changed world. Genuine sanctions must be in place to penalise poor performance – ATW escaped fairly scot-free for 5 years of sub standard punctuality on the Cambrian between 2003 and 2008 and this must not happen again.

**6) The routes, particularly cross-border routes, which should be included;**

6.1 In general, the routes of the existing franchise should be included. Cross border flows are of serious importance to Wales and these should be developed. In particular, the opportunity to improve links between Mid-Wales and Manchester/North West England should not be missed. The link between Aberystwyth/Pwllheli and Birmingham is of vital importance as it gives easy access to a vital hub on the UK rail network.

6.2 The sector from Aberystwyth to Birmingham and from Carmarthen to Manchester are likely to remain diesel operated for the foreseeable future. The new programme of electrification should not become a barrier to the maintenance of through services on east-west routes.

6.3 These east-west links to centres of economic activity are particularly important in the absence of proper links from the Welsh interior to the capital in Cardiff. The Welsh government has not been to the fore in planning new railways within Wales, with the exception of the area south of Merthyr. Since the days of Beeching, it has been difficult to persuade politicians as to the high economic value of rail links. It is not 10 years since the present chairman of SARPA sat opposite a transport minister in Westminster who expounded that he thought “Beeching was right”. Clearly there is still some work to do in the way of displacing such attitudes.

6.4 In the north, the line from Wrexham Central to Bidston may be better placed to become part of Merseyrail in the event of its electrification. Indeed, by applying the same principle in the northern part of the Merseyrail system, good connections to

the North West from intermediate stations to Bidston could be achieved by electrifying the section from Ormskirk to Preston.

**7 The rolling stock needed for the new franchise. What factors need to be considered and how this should be procured? Will new rolling stock be required?**

7.1 Civil Servants should not be allowed to procure new rolling stock. As an example, the procurement of the Super Express Train has been a protracted farce. A rolling stock strategy is needed which aligns with electrification plans and potential cascades of rolling stock from other parts of the UK. The franchise is already short of rolling stock having seen growth without additional vehicles., Extra carriages are needed for all areas. Today. The rail industry expects a 3.3% annual growth rate over the next 15 years. Cascaded refurbished Electric Multiple Units (EMUs) will still deliver a step change in service provision on Valley Lines and for local services along the South Wales main line, new EMUs should not be a priority here in the short term.

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**7.2** Nearly half the Wales & Borders fleet will be around a third of a century old when the franchise ends and most of it will be replaced by cascaded units. However another quarter will be 25 years old and none of these can go on forever. A fleet of new purpose built rural DMUs is probably the best option for a number of reasons.

**7.3** There is nationwide shortage of stock with no guarantee that any cascades will be available as the areas they come from will have uses for them. New build units are easier and cheaper to fit with ETCS signalling equipment than trying to find space on units not designed to accommodate it. The remaining DMU pockets following continued electrification can have a proper allocation of stock with aim of eliminating all BR built DMUs by 2023.

**7.4** Rolling stock should be purchased directly and owned which is cheaper than leasing. Whether the trains should be owned by the Welsh Government and leased to the operator or owned outright by the franchise holder, will need to be the subject of consultation. At present leasing costs are too high and where ex-BR units are concerned, large sums are being paid to lease old trains.

## **8) Whether additional lines, enhancements to existing lines, new stations or other infrastructure are needed;**

**8.1** The Welsh rail network was decimated by the “Beeching Cuts” of the 1960s, with a fairly comprehensive internal network being removed almost entirely. Indeed, a map of proposed routes for 1984, published in 1965 showed no railways at all West of Shrewsbury, though astonishingly, what has since become known as the “Heart of Wales” line was to be retained.

**8.2** It is time now to reconsider those closures. Whilst the Welsh government is in an invidious position owing to the cost involved, it should not shrink from the task. Internal communications are particularly bad within Wales – indeed, it is difficult to think of another modern European nation with such poor connectivity.

**8.3** It is clear that the railway now has a greater part to play with regard to improved public transport. The decimation of the Welsh rail network throughout the 1960s is now a serious block to economic regeneration and sustainability. The lack of effective public transport restricts access to jobs, healthcare and education. Indeed, one flourishing company in Ceredigion has indicated to us they are considering relocation to the Bristol area because of poor connectivity.

**8.5** An enlarged rail system for Wales would bring benefits to business. The train is a productive method of travel as with modern electronic communications, people

may continue to work whilst they are travelling. This is not possible with a car. Moreover, car ownership is becoming prohibitively expensive for some sections of society, especially the young. We point out that even the UK government has acknowledged that car use has declined by 4% overall since 2007 and that driving licence holding amongst young men has fallen by 13% since 1997.

**8.6** We have commented at 6.3 above with regard to the difficulty of persuading politicians to adopt rail as a preferred method of transport. Rail offers better value for money over long distances in a predominantly rural nation such as Wales. To achieve similar journey times by road as a modern railway requires the building of a dual carriageway. We note that some commentators have suggested that the £800m total spend on the A465 upgrade would rebuild the line between Aberystwyth and Carmarthen or return the railway to Brecon.

**8.7** We would like to see the following stations on the Cambrian mainline reopen—Bow St, Carno, Abermule and Hanwood.

**The SARPA Committee.**

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<http://www.sarpa.info>