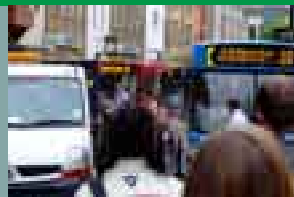
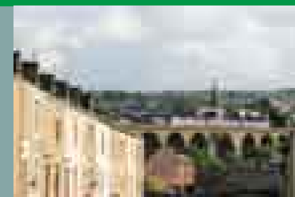
transporttimes
The independent voice of transport
www.transporttimes.co.uk
February 2011

Ringing in the changes in the capital
The projects boosting London's capacity p25



A new route to bus company co-operation
Qualifying agreements show the way p33

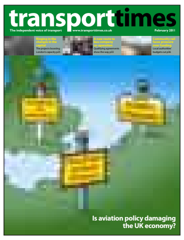


Community rail faces pressure over funding
Local authorities' budgets cut p36

Is aviation policy damaging the UK economy?

transporttimes

issue no: 79 February 2011



Cover illustration: Dave Eastbury

Portrait photography: Simon Battensby

Transport Times is published monthly and provides news, information, analysis and comment on surface transport.

Publisher David Begg
Email david.begg@transporttimes.co.uk

Editorial

Transport Times welcomes editorial contributions – news, features and opinions – which should be emailed to the address below. The editor reserves the right to edit all contributions for reasons of length and style.

Unit 27, Beaufort Court, Admirals Way,
London, E14 9XL

Tel 020 7828 3804
Fax 020 7828 3803
Email editorial@transporttimes.co.uk

Editor David Fowler
Email david.fowler@transporttimes.co.uk

Associate Editor Adam Raphael
Email adam.raphael@transporttimes.co.uk

Contributing Editor, Policy Katie Allister
Email katie.allister@transporttimes.co.uk

Production Editor Rob Buckley
Email rob@robbuckley.co.uk

Office Assistant Chelsea Robinson
Email chelsea.robinson@transporttimes.co.uk

Advertising

Senior Account Director Michael Delaney

Cabbell
Woodman Works
204 Durnsford Road
London, SW19 8DR

Tel 020 8971 8458
Email michael@cabbell.co.uk

Jobs

Commercial Director Bill Sheehan

Tel 020 8971 8467
Email bill@cabbell.co.uk

Printed by Stones, Unit 10, Acre Estate, Wildmere Road, Banbury, Oxon, OX16 3ES

ISSN 1759-1015

Where is the consistency in our aviation policy?

Governments often have to choose between being unpopular or wrong. The coalition – to its credit – has not shirked making the right decisions for the UK when it comes to transport, even if they are not always popular.

Protecting investment in our transport infrastructure – even if it means rail fare and petrol price hikes – is a case in point. The politically opportunist short-sighted approach would be to slash capital investment and hold down prices. The resulting over-congested infrastructure would be a problem for future governments and future generations.

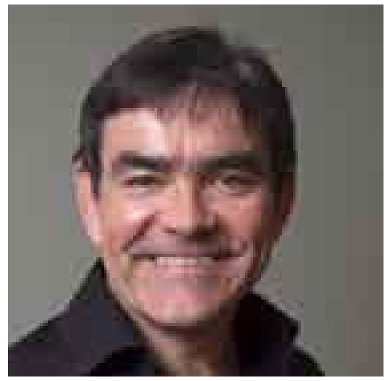
It is not easy for a Conservative-led coalition to drive a high speed rail line through the Conservatives' Chilterns political heartland, but it has rightly made the judgment that it is in the national interest. Secretary of state for transport Philip Hammond has led from the front against fierce opposition and he must wonder where the supporters of this project are.

It is in aviation policy – and the contentious issue of runway capacity in the south-east of England – that the coalition has taken the popular course of action, even though most of the evidence points to it being the wrong one for UK plc.

As the outgoing director general of the CBI, Sir Richard Lambert, identified in his last speech in the job, "aviation policy for the South East, or rather the lack of one, is one example of where politics has trumped economics in the new Government's first eight months in office".

We need to have an honest, rigorous and intellectually robust debate on the consequences that follow from a moratorium on South East runway capacity. It will rightly appeal to communities who face severance and the thousands of households who have to endure flight path noise. Local pollution is also of concern, especially around Heathrow.

However these considerable external costs need to be weighed against the cost to the economy of Heathrow's position as an international hub being eroded. Critics point to the fact that a high proportion of Heathrow's passengers are simply changing flights at Heathrow and bring no added value to the UK economy. This argument fails the first test of aviation economics – a hub airport needs a high percentage of transfer traffic to achieve the level of international flight connectivity that business craves.



> **In aviation we will manage demand by congestion with no attempt in the South East to increase capacity**

It's what distinguishes an airport which caters for mainly point-to-point traffic and low cost airlines from the Heathrows, Schiphols and Paris-Charles de Gaulles of this world. There is a fight between these airports for the status of the pre-eminent north west European hub and Heathrow is in danger of losing the fight because of government policy.

To give Boris Johnson credit, he gets the importance of a hub airport and its importance to the London economy. His deputy chair of Transport for London, Daniel Moylan, has masterminded the mayor's aviation policy. He supports the case for extra capacity in the South East (see page 29) but has ruled out building any at Heathrow. He wants a new hub airport to serve London at a site to be identified and for the four airports that currently serve London to remain in business.

There are two weaknesses in this proposition. First, as was articulated by Andrew Haines, chief executive of the Civil Aviation Authority at last week's *Transport Times* aviation conference, the sky above London will not be able to safely accommodate a new airport because of conflicts with existing aircraft movements.

Second, what if a new location cannot be identified? A cursory study of previous attempts would persuade most people that this is the likely outcome. What then is plan B? Perhaps Heathrow?

I always look for coherence and consistency in transport policy. In rail we are still in predict and provide mode. We are busily trying to increase capacity to cater for escalating demand. Demand for road space is managed mainly by congestion with no price mechanism available to bring it into line with capacity. Predict and provide rightly ended in the 1990s.

In aviation we will manage demand by congestion with no attempt in the South East to increase capacity. Congestion on our roads and airports is bad for both the economy and the environment.

It would be better to ensure that each mode of transport covers its externalities and that these are reflected in the price the consumer pays.

There are two bogus arguments against runway capacity in the South East: that high speed rail is an alternative and that it compromises our commitments on carbon dioxide emissions. Sir David Rowlands, former chair of High Speed 2, deals with the former in the article on page 6.

Not building a third runway at Heathrow could actually add to world CO_2 unless drastic action is taken to restrict flying. This is because congestion at the airport results in planes circling, burning more fuel as they wait for a landing slot, and forces flights to take less efficient routings.

I declare a vested interest in this debate. I chair the Northern Way Transport Group and the British Chamber of Commerce Infrastructure Commission, and have recently been appointed a non-executive director of BAA. All three organisations are in favour of a third runway at Heathrow.

However, the real vested interest I have always had is for a coherent and intellectually robust UK transport policy.

David Begg

David Begg is publisher of *Transport Times*

Strategy is based 'on empty rhetoric'


The Government argues that it ruled out a new runway at Heathrow on environmental grounds

By David Fowler

The Government's decision to block new runway capacity at Heathrow or anywhere in south-east England was "possibly the worst strategic decision by any government in my time in transport", said Gatwick airport chairman Sir David Rowlands last week. "A decision of breathtaking importance for UK aviation and for the economic well-being of this country has been taken with scant regard for the evidence, a wanton disregard of expert analysis, and no attempt to balance what I admit are difficult considerations."

The former DfT permanent secretary delivered his comprehensive critique of government aviation policy at last week's *Transport Times* conference, A new strategy for aviation.

The Government's new mantra, better not bigger, "is not a substitute for a proper long-term strategy", he said. "Governments may change but the data doesn't. Strategies without evidence are just empty rhetoric and they're dangerous."

He continued: "The present government seems to have majored on environmental issues and paid lip service to aviation's contribution to the economy, when its job is to look at the evidence and balance the two considerations." Instead, within days of coming into office, the coalition cancelled the third runway at Heathrow and ruled out additional runways at Stansted and Gatwick.

The Government, he said, had argued that the local environmental impacts of ever-increasing use of the South East's key airports outweighed the potential benefits, yet the DfT had calculated net benefits of £15bn for the third Heathrow and second Stansted runways. "What else has the Government put into the calculation that outweighs £15bn?" he asked.

The Government also said it had "carefully considered the wider environmental impacts" in the context of commitments on climate change. Had it considered the Committee on Climate Change's advice that air transport movements could increase by 55% from 2005 levels, and passenger numbers by 60%, by 2050? "In July when the government issues its response to the CCC surely it has to recognise that aviation growth and tackling climate change can co-exist."

Another argument was that the plan to build a high speed rail network was a key factor in the decision, but the high speed rail network will not go near Gatwick or Stansted and will not have a direct link to Heathrow for 20 years, Sir David said. "It is total nonsense to suggest that building a high speed rail network means there is no need for more runway capacity in south-east England."

The Government claimed to have listened to not just to business but also to those who would be most affected by the environmental impacts of airport expansion. "I don't recall that consultation," he said.

He added that it was not the job of the Government to represent local interests – that was the role of MPs. Its job was not to make decision based on local interests – that was for local government. "The Government's job is to balance local, national and international considerations, both economic and environmental, before arriving at a well-evidenced strategy."

On the process of developing a new strategy, he criticised the government for not moving fast enough. "It's ludicrous to put a stop to airport development within days of taking office and then spend years deciding what it all means," he said.

"If the Government wants to claim it is no longer in the business of predict and provide it must set out a detailed understanding of the consequences," he said. "Global connectivity is vital to the prosperity of the UK. Heathrow is our only hub airport. It is infantile to pretend that any other UK airport can play that role. If the government is serious about maintaining a successful global hub then its aviation strategy must set out how this will be achieved."

Earlier transport minister Theresa Villiers had delivered a keynote speech on government policy, saying: "The task we face is to enable the industry to operate in a sustainable way that is consistent with meeting our climate change commitments." New runways at Heathrow, Gatwick and Stansted had been rejected "because they would have caused an unacceptable level of environmental damage, particularly in relation to noise."

Blocking new runways made it vital to make the best use of existing capacity, and to improve "the quality of the passenger experience within those capacity constraints".

She said the DfT would publish a scoping document posing strategic questions for the future of aviation in March. A draft policy framework would be published for consultation during 2012.

Conference report, page 20

Government must count the cost of capacity constraint

Opinion by **Sir David Rowlands**

Sir David Rowlands: "Aviation is a driver of wealth creation"

In March the Government will kick off its review of aviation policy with a new policy framework set to be in place by 2013. There is a lot at stake – not least ensuring that Britain has the connectivity to compete globally – but the Government has allowed plenty of time to consult and get it right.

At last week's *Transport Times* conference I spoke of the need for evidence-based policies over political posturing. The consequences to businesses and the UK economy of forming strategies without evidence are simply too important to ignore.

Fact: the aviation sector is a critical pillar of the UK economy. It directly generates almost £9bn for our economy each year with around £2bn coming from Gatwick alone. Ours remains one of the few sectors in which the UK enjoys a comparative advantage globally, but it is fast disappearing. Aviation is a driver of jobs and wealth creation and the Government must recognise this.

Fact: demand for air transport is set to increase. The last government's demand forecasts back in 2009 show that demand for air travel will double to 455 million passengers a year by 2030, of which 250 million would be using airports in the South East.

Vetoing new runways in the South East, as the coalition did within days of coming to office, will not support that demand. With no more runways in the South East there will be capacity for only 180 million passengers, leaving substantial suppressed demand for runway capacity. And no, regional airports will not be able to soak up the demand. They too will be bursting to the seams meeting regional demand.

> **If Britain is to remain globally competitive it must strengthen its international links**

All manner of arguments have been put forward as to why there should be no airport expansion in the South East. The green argument is an obvious one, and one which the Government has majored on. And yet the Committee on Climate Change published a report last year confirming that Britain could handle up to 140 million more passengers a year by 2050 without breaching emission targets.

Businesses, the mayor of London and the aviation sector all recognise that if Britain is to remain globally competitive it must strengthen its international links. Vetoing a new runway at Heathrow, for example, will do little to ensure Britain maintains its status as a competitive global hub. And while high speed rail – the Government's preferred route to connectivity – is to be welcomed, we must not pretend it replaces the need for runway capacity. It simply doesn't.

If the Government is serious about maintaining a successful global hub then its aviation strategy must set out how this will be achieved – underpinned by rigorous analysis. It must evaluate the impact on the UK economy and on specific sectors such as the City of London or inbound tourism. It must count the cost – both financial and reputational – of severe capacity constraints and failure to serve particular destinations.

A successful and efficient hub at Heathrow is only one facet of Britain's need for connectivity. Airports that focus on point-to-point connectivity are equally vital to the continuing development of a growing and globally competitive aviation sector in this country.

The Government's analysis of economic impacts must also set out, by region, how much of suppressed demand – inbound and outbound – is likely to be business travel and how much is leisure traffic. Vague references to regional airports and high speed trains simply will not do.

I firmly believe that a serious analysis will show an overwhelming case for more runway capacity in the South East. When we participate in the forthcoming review of aviation policy we will make this clear and will keep reminding the Government of the contribution the aviation sector makes to the UK economy. Without a competitive and flourishing aviation industry in both the South East and regionally the outlook for growth and the economy is not good.

Sir David Rowlands is chairman of Gatwick Airport

Official figures predict demand for air travel will double by 2030

Baker launches £560m sustainable fund

Simplified funding streams, a new local sustainable transport fund, and support for smart and integrated ticketing are key measures in a new transport white paper Creating Growth, Cutting Carbon published by the government in January.

The document aims to cut carbon dioxide emissions by making travelling on foot, by bike or on public transport more attractive, to encourage people to change travel behaviour.

Regional and local transport minister Norman Baker said: "A good transport system is vital to two key government priorities: to help grow the economy and to reduce carbon emissions. Investment in local sustainable transport can deliver quick gains with both objectives."

The local sustainable transport fund will be worth £580m over four years, and the government pledges to enable smartcards to be used for most public transport journeys by December 2014.

The government believes "that it is at the local level that most can be done to enable people to make more sustainable transport choices" and aims to give local people "more power over initiating innovative transport schemes in their own area".

"Smaller-scale transport schemes, when carefully thought out, can be very high value for money," it adds. "Effective sustainable local transport is delivered through solutions developed for the places they serve." It pledges to free local authorities from central government control to decide what is best.

The current 26 DfT funding streams have been simplified into four from the 2011 financial year. These are: major schemes (capital) – £1.5bn for schemes costing more than £5m; £3bn (capital) for local highway maintenance over four years; £1.3bn (capital) for small improvement schemes (the integrated transport block); and the new local sustainable transport fund, worth £560m over four years.

The new fund will combine capital and revenue funding. Local authorities will be able to bid for funding for schemes that support strong local economies, address climate change and contribute to a cleaner environment, improved safety and higher levels of physical activity. Bids involving voluntary and community organisations and the private sector will be "particularly welcome". However the government has decided centrally to allocate £11m from the fund for Bikeability training in its first year of operation.

The white paper adds that some initiatives require a national approach, including improving end-to-end journeys and supporting smart ticketing.

It encourages local authorities and transport operators to improve end-to-end journeys, working together where appropriate, through measures such as timetable integration, the provision of real-time information, appropriate bus stop siting and removing barriers to walking and cycling as part of longer journeys. The government will also use the rail franchising system to improve integration with other modes.

The government "believes that smart and integrated ticketing has the potential to revolutionise the way passengers use public transport".

"Smaller-scale transport schemes, when carefully thought out, can be very high value for money"

In addition to initiatives such as the provision of £20m to the nine largest urban areas in England to support smart ticketing, the government will support the development of e-purses and their acceptability, for example by supporting the development of commercial agreements to allow e-purses to be used on different operators' services. It will "investigate the business case for government involvement in the development of a national e-purse". It will "work with the bus and rail industry to stimulate improvement and innovation" in the tickets available to passengers, and it will continue to fund TfL's project to convert its Oystercard readers to accept ITSO smartcards as will by June 2013.

The government is committed to working with the transport industry to provide the infrastructure to allow most public transport journeys to be undertaken by smartcard by December 2014, the white paper says. Local authorities will be able to bid for funds to support smart and integrated ticketing from the local sustainable transport fund.

Norman Baker: "Smart and integrated ticketing has the potential to revolutionise public transport"

Northern Way to wind up 'in weeks' if new funding not found

The Northern Way, the multi-regional partnership set up to improve economic performance across the north of England, is heading for wind-up if new funding cannot be found within weeks.

The organisation is funded by the three northern regional development agencies One North East, Yorkshire Forward and the North West Regional Development Agency, and their support will run out at the end of the financial year. The RDAs are themselves being abolished and will spend their last year, till around March 2012, winding themselves up.

The Northern Way is led by the RDAs in close collaboration with other bodies, including the city-regions of the North. Its transport group, the Northern Way Transport Compact, has been credited with bringing strategic transport issues affecting all three regions to the fore, acting as a counterweight to Transport for London and Transport Scotland.

Transport secretary Philip Hammond has said in the House of Commons that the Transport Compact's evidence-building work is "extremely valuable" and "has informed a number of decisions". He added: "I look forward to its continuing to contribute to the debate."

'For it to continue beyond the end of March, new money realistically needs to be in place by mid-February'

Over the last five years the Transport Compact's work has been wide-ranging, looking at the North's strategic road and rail connections as well as sea and air links.

The Northern Way's transport budget for research and staffing has been around £600,000 per year, and it has employed three permanent staff. A plan for a number of northern cities to jointly contribute a five-figure sum to allow it to continue in operation is under consideration but with local authorities facing major funding cuts this is proving difficult to prioritise.

Local economic partnerships, intended to take over some of the roles of the RDAs, are at an early stage of development and cross-boundary issues are not yet high on their agendas. Because of the pan-regional coverage of the Northern Way, several LEPs would in any case need to get together to offer support.

Although the organisation is funded to the end of March, for it to continue beyond then new money realistically needs to be in place by mid-February.

The Transport Compact, chaired by *TT* publisher David Begg, steered the work that has got the Northern Hub to the point where it is now expected to get the go-ahead when the next rail five-year investment plan is announced in 2012. It will transform connections in the North and beyond by removing rail bottlenecks around Manchester. Bringing this investment forward by five years is worth £600m-£1.6bn to the North alone.

The Compact has secured £30m investment in the current Network Rail control period for gauge enhancement benefitting northern ports.It has also commissioned research to make the case for including wider benefits to the economy in transport appraisal.

Last week the Northern Way published research which called for flights from northern airports to be taxed less than flights from London. It argued that air passenger duty hits the north disproportionately: incomes are lower and there are fewer business travellers, so that the market is more fragile and it is difficult for airlines to develop and sustain new routes. This in turn affects connections with international markets and economic growth.

It also recently presented evidence to the House of Commons transport select committee, and highlighted a pressing need for "well-targeted investment" as the economy emerges from recession, to support the more sustainable pattern of transport demand in the north.

Fuel stabiliser causes Treasury headaches

George Osborne may delay April's planned increase in fuel duty

The Treasury is grappling with the dilemma of easing the burden of high prices for petrol and diesel on road users without excessively hitting the tax revenue it receives from fuel.

With pump prices hitting record levels last week even before the unrest in Egypt helped to push the price of oil over $100/barrel, David Cameron has insisted he wants to see proposals for a fuel duty stabiliser in time for next month's Budget.

A stabiliser was a Conservative manifesto pledge in last year's general election. The idea is that when oil prices are high the Treasury temporarily cuts fuel duty on petrol and diesel at the pump.

The Treasury is concerned that if the oil price remains high it could lose billions in revenue. Conversely it is argued that high fuel prices depress economic activity generally with a potentially wider impact on tax receipts.

Both chief secretary to the Treasury Danny Alexander and business secretary Vince Cable have stressed the technical difficulties in making a stabiliser work.

Excise duty is levied at a flat rate, set in the Budget, currently 58.95p per litre of petrol. VAT at the standard rate is included in the pump price. At a pump price of £1.30/litre, VAT accounts for 22p.

Chancellor George Osborne has gone no further than hinting that he is considering delaying a planned 1p rise in fuel duty, announced in Alistair Darling's last Budget and due to take effect in April.

Study looks into interaction of Crossrail and High Speed 2

Overall peak capacity on rail lines into London will broadly be able to cope with passenger demand to 2031, assuming all current plans to increase capacity are completed.

But connecting Crossrail to the West Coast main line and incorporating Heathrow Express trains into Crossrail services should be considered, to make the best use of the cross-London tunnels. Changes to the proposed Chelsea-Hackney line or Crossrail 2 should be considered to cope with additional demand from High Speed 2 services.

These are recommended in a draft route utilisation strategy for London and the South East, produced by Network Rail with the DfT, TfL and the rest of the rail industry.

The new RUS assumes existing plans will be carried through: these include Crossrail, Thameslink, Reading remodelling, electrification to Newbury and Oxford, the Chiltern line Evergreen 3 project and the completion of the London Overground orbital route, as well as the current programme of train and platform lengthening.

To cope with predicted passenger numbers in 2031, some additional measures will be needed: extra commuter services between the Thames Valley and Paddington, additional tracks on the Lea Valley line, and more trains on the Windsor lines into Waterloo.

On some routes into London, such as the Great Eastern and South West main lines, conventional enhancements such as train lengthening, timetable changes and infrastructure upgrades will become much more complex and costly within the lifetime of the strategy, so more extensive options – for example the building of entirely new lines – may be needed, the document says.

Under current plans, up to 14 of the 24 trains hourly through the central Crossrail tunnel at peak times would start and terminate at Paddington.

Incorporation of Heathrow Express services into Crossrail would help to relieve capacity on the Great Western main line and improve connections to Heathrow. The RUS recommends this should be investigated further.

Extension of Crossrail on to the West Coast main line slow lines is also recommended for further investigation. This would allow direct connections between WCML destinations and Canary Wharf and east London avoiding the need to change on to the Underground. It would free capacity on the Underground system, both at Euston station and on the Northern and Victoria lines, for passengers from High Speed 2.

It would also potentially make it easier for High Speed 2 to reach London Euston, by removing most of the trains from one of the pairs of tracks on the existing tunnelled approaches to the terminus. Access to Heathrow airport from the WCML would be improved, via a single change at Old Oak Common.

In addition this would optimise the use of the central London Crossrail tunnels – instead of 14 of the 24 trains per hour at peak times terminating and turning round at Paddington, all 24 westbound trains would be approaching from further afield.

Modification of the current safeguarded route for the proposed cross-London rail tunnel for the Chelsea-Hackney route "may be appropriate", to provide a connection to Euston for high speed rail passengers, alleviating London Underground congestion.

The RUS also notes that "detailed consideration of the effect of a High Speed 1 to High Speed 2 connection is required" given that "the only viable route for such a connection appears to interact significantly with the North London Line".

Franchise reform plans finalised

Rail minister Theresa Villiers announced plans for reform of the rail franchising system following a public consultation.

Franchises will be longer and will give operators more flexibility over how to achieve "demanding outcomes".

Franchises will be individually tailored to suit the diverse demands of different parts of the network, and will normally run for 15-22.5 years. Commuter franchises are likely to include binding obligations on service quality and tackling overcrowding.

Ms Villiers said: "By granting longer franchises we will give the private sector a stronger incentive to invest in the improvements passengers want, such as new trains and better stations.

"Recent years have seen too much emphasis on Whitehall trying to micromanage the detail of the way train services are run. We don't believe that is the best way to improve services for passengers. We will protect the passenger by setting demanding outcomes for operators to achieve, but we will give more space to the professionals who run our railways to innovate and decide on the best way to achieve those outcomes. We believe that will ensure the rail industry is able to respond more quickly and flexibly to changing passenger concerns."

Operators will get more flexibility over the services they run but the Government will continue to mandate the provision of core levels of service. The Department for Transport is exploring options for measuring operators' performance against service quality standards, based on passenger satisfaction data and anonymous visits. Control of more stations will be passed from Network Rail to train operators on the grounds that operators have the strongest incentive to respond to passenger concerns.

The process of finding a new operator for the West Coast main line intercity franchise, which expires in March 2012, has begun with a public consultation on the replacement franchise, drawing on the new policy, but adapting it to match the specific characteristics of the West Coast operation.

The Government will continue to refine its plans for the future of rail franchising alongside its work on Sir Roy McNulty's proposals to improve railways' value for money.

The West Coast main line will be the first franchise to be let under the new system

Freight industry fights to save grants from axe

Freight industry supporters are battling to prevent the Freight Facilities Grant scheme being axed in Scotland in the forthcoming Budget.

A decision last week by the Westminster government to scrap the grant in England was criticised as going against its own policies to reduce carbon dioxide emissions and road congestion, and improve safety.

The grant was introduced in 1974 and can contribute up to 75% of the capital cost of facilities required to switch freight from road to rail or sea. It is typically used for cranes and other freight handling equipment or to provide a new berth in a depot to allow mode switch.

The Scottish Government indicated the grant was to be scrapped in its draft Budget statement, but in last week's debate on its Budget proposals, John Swinney, Scottish secretary for finance and sustainable growth, said: "I am receiving further representations about the freight facilities grant." He was "exploring some of the possibilities" for supporting it further.

David Spaven, Scottish representative of the Rail Freight Group, said: "The availability of FFG capital grant has been critical to the vast majority of the switch from road to rail in the non-coal market in Scotland in recent decades. It has also secured significant mode switch from road to sea, for example for timber on the west coast. FFG supports economic development through providing a safe, sustainable and resilient alternative to road haulage."

Since 1997, 37 awards totalling £68.9m have allowed 33 million lorry miles to be taken off Scottish roads annually.

The Rail Freight Group and Transform Scotland propose that the scheme should continue with an annual budget of £5m. They call for it to be relaunched with a concerted promotional drive, while administrative processes should be streamlined.

A number of projects which have been under development for some time would be lost if the scheme is scrapped, the RFG added.

Freight Transportation Association head of global supply chain policy Christopher Snelling said that scrapping the scheme in England was a blow to the freight industry. "It's a good scheme. The industry offered to work with the Government to look at how to make it work better."

He added that it had "worked particularly well in Scotland" where the Scottish authorities had been more flexible and "made more effort to make it work, encouraging people to come forward with applications."

He said: "We will be meeting all the political groupings in Scotland to make the case for its continuation."

The Freight Facilities Grant can contribute to the capital cost of facilities to allow freight to be switched from road to rail or sea

Logica predicts low-emission vehicle revolution

Electric cars will make up 20% of UK car sales by 2016 as drivers take advantage of government subsidies and lower fuel costs. By 2030, all road-based public transport will use energy-efficient technologies.

These are among predictions of a new report by Logica, *Eco-mobility – the end of the road for fossil fuels?* The report considers options for transport and the future for electric and other low emission vehicles to 2030, assuming that, even if new oil reserves continue to be discovered, climate change will limit how much can be used.

Because climate change is the main reason for switching to electric vehicles, the electricity powering them will have to be generated from sources other than fossil fuel. A network of renewables, such as wind farms, tidal and wave barrages, solar and heat exchangers, and nuclear power stations will be needed.

The current electricity infrastructure will not be able to cope with the load required to charge all these electric vehicles. "We will therefore need smart grids that balance local and national supply and demand."

Micro-generation from solar panels and other sustainable sources will feed into the local grid to help power EVs. "This is unlikely to be enough and we will need to encourage people to recharge electric vehicles at times of lowest demand, probably through pricing," says the report.

Green behaviour among drivers of petrol and diesel powered vehicles will be rewarded, through intelligent transport technology such as Logica's EMO. EMO measures a vehicle's emissions as it is driven, sending data back to a collection point. Those whose driving creates minimal emissions could be rewarded by lower fuel prices, cheaper vehicle excise duty and insurance discounts.

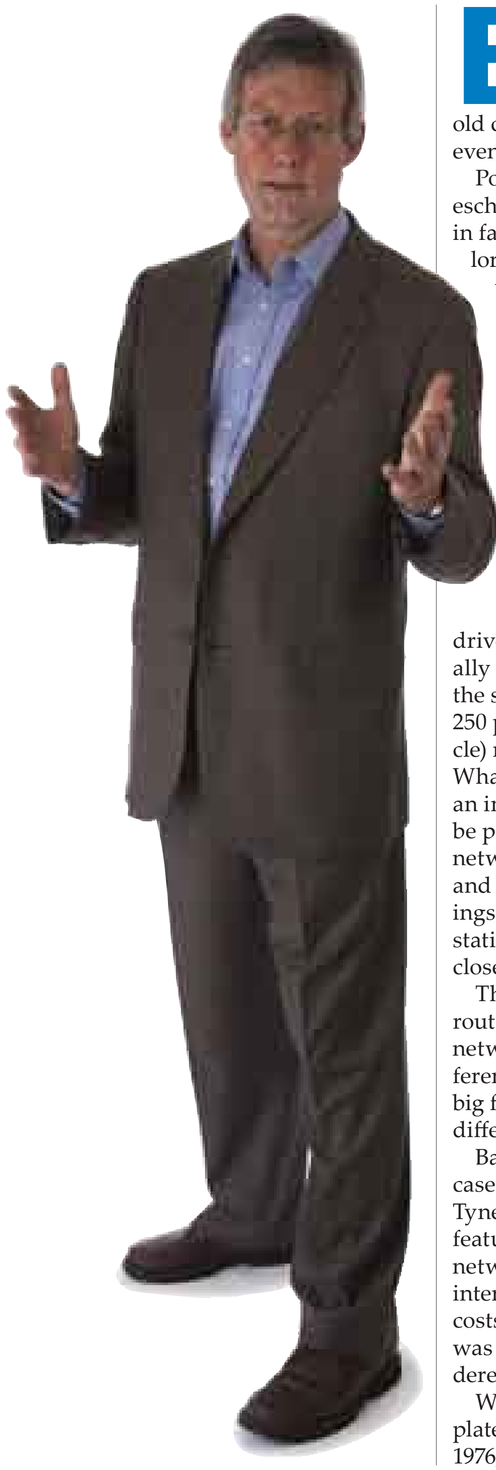
Many of the UK's 9,000 petrol stations could become battery exchange or fast charge centres. Many may also become fuel-cell recharge centres and LPG providers.

"Tens of thousands of charging points must be installed and, since it will take hours to recharge batteries using current technologies, their location will be critical," the report says. "One obvious option is to site recharging points outside homes but that won't be enough. Car parks at public transport interchanges could provide top-up services, as could parking meters."

Intelligent transport systems will mean there will be no increase in traffic congestion even though number of vehicles on the roads will increase, and it will also be possible to predict arrival times much more accurately.

We're ignoring big gains in cost-efficiency

Planning transport networks in an integrated way will automatically bring about savings. But we seem to have given up on the idea of proper, joined-up provision



Efficiency has become unfashionable. Usurped by more exciting objectives and performance targets, plain old cost-efficiency is being neglected, even in these cash-constrained times.

Policy decision-makers regularly eschew the chance to save money in favour of other aims. Night-time lorry bans that inhibit deliveries when roads are uncongested show how the concerns of residents (voters) are easier to prioritise.

Or take the decision to withdraw London's bendy buses. On Route 38, for example, it has meant a 57% increase in fleet size and an increase in running times of 5%. But nobody protests.

When it comes to investment, what used to be a key driver of decision-making has virtually disappeared. Who now talks of the simple virtue of a driver taking 250 passengers (as in a light rail vehicle) rather than the 80-odd in a bus? What happened to the idea that with an improved rail service it should be possible to restructure a local bus network to provide a feeder service, and to make significant cost savings as a result? Or that if a local rail station is so poorly used it should be closed?

These days the tough choices are routinely ducked: the bus and rail networks are managed under different regimes and the fact that the big five operators run both makes no difference.

Back in 1972, when the economic case for investing in the planned Tyne & Wear Metro was made, it featured a total recast of the bus network to serve purpose-designed interchanges, and to cut operating costs. All very European, even if it was set to disintegrate under bus deregulation 15 years later.

When Sheffield came to contemplate its public transport future in 1976, there was a widespread public consultation with the choices set out: trolley-buses, a heavy rail loop under the city centre or a tram network?

By the end of the 1980s, life had moved on. The now-privatised bus network was no longer a variable 'in play'. Consultation would be with a spread of key stakeholders. The public would inform the process through responses to surveys.

Leeds followed an example set by Birmingham and decided in 1991 that its transport future lay in a wider integrated strategy to which all parties would contribute. There would be not just a tram, but also bus priorities, and a one-way loop around a pedestrianised city centre; the inner ring road would be completed and the west-side rail approaches to Leeds station would be six-tracked. And all came to pass, except the tram scheme, defeated by DfT diktat, despite its centrality to the delivery of a city-wide park and ride system.

> **Our provincial cities must plan their future looking at all transport modes together**

The Department, it seemed, hadn't bought into integration after all. But then the devices to bring about the attendant cost savings, such a feature in Newcastle 20 years earlier, had all but vanished.

Can we afford the luxury of taking it as a given that there is some kind of entitlement to a free-standing bus service and a local rail service, both subsidised? Have we totally given up on the idea of a joined-up network with proper interchange provision between modes? Can we afford not to take a cross-modal view?

Across Europe, there is emerging a stronger role for the private sector, yet city networks are still planned properly and efficiently. There, city and regional authorities have not denied themselves the chance of getting efficiency savings out of major investment in urban transport.

Right now, with the emergence of Transport for Greater Manchester and no doubt others to follow, there is an opportunity not to be missed. The otherwise estimable model of Transport for London is no use in this respect: though its customer information and fare systems operate across the board to a much higher standard than anywhere else in Britain, there is no cross-modal strategic planning to admire and emulate.

Our provincial cities cannot afford to follow suit. They must plan their future looking at all transport modes together. They will need to show how investment is being examined not on an individual modal basis, but to create a good public transport system. That's the way to get some efficiency savings as well as to serve the community.

The necessary tough planning choices will bring about efficiency savings. But much needs to be done immediately if sweeping service cuts – especially across the bus networks – are to be avoided under the spending squeeze.

For Sir Roy McNulty's team looking at rail costs, the issues are clear. No franchisee is investing, as BR once did, to get operating economies. Timetables hardly take into account optimising train-crew efficiencies. Worst of all, neither the franchised train operating companies nor Network Rail have any idea of the costs of operating specific parts of the network.

Start to put that right – as BR did in the 1980s – and the cost-efficiency savings will surely come.

Jim Steer is a director of Steer Davies Gleave and was responsible for strategic planning at the erstwhile Strategic Rail Authority.

Exhibition Road will finally be a sight worth seeing

The long-awaited transformation of the dismal dual carriageway outside London's great museums is finally under way, with the most high-profile application so far of shared space principles

Exhibition Road in South Kensington has always been a bit special.

It was the first road in Britain to have a tunnel built under it for pedestrians to avoid the traffic above. The tunnel was built by the Metropolitan District Railway in the late 19th century to give people easy access to South Kensington's burgeoning museums. Originally the railway charged a penny for the use of the subway but it soon dispensed with the charge. The tunnel has been heavily used ever since, while at ground level Exhibition Road has long been an unattractive car-dominated dual carriageway.

Now that is set to change as Exhibiton Road is again becoming a pioneering scheme which is due to be completed next year.

The borough of Kensington & Chelsea is turning the street into a "shared space" with traffic reduced to one lane in each direction, and for most of its length discouraged from entering the road at all. There will be no kerbs and the pavements will be extended. The crossing at the busy Cromwell Road junction will be far easier to negotiate, with a straight-through path rather than pedestrians being forced to enter a pen in the middle of the road.

It is a new concept for the UK and on a recent visit it was clear the scheme is not being implemented on the cheap. The granite blocks for the road surface are being imported from China and will give far better service than those used in similar schemes such as on London's south bank, where cheap road surfaces started breaking up within months of their installation. They are being laid out in an elegant zig-zag pattern that helps create an atmosphere of calm rather than the scurrying of a busy road.

The cost for just three-quarters of a mile and a related scheme, now completed, to improve pedestrian access to South Kensington station, is a shade under £30m, of which almost half is coming from the Mayor and most of the rest from Kensington & Chelsea's own coffers.

Councillor Nick Paget-Brown, Kensington & Chelsea cabinet member for environment and transport, remains unabashed about the price, seeing the road as a key London landmark: "More people visit the museums every year than go to Venice. We are turning Exhibition Road into the most beautiful urban street in Britain." It will certainly be more pleasant than the tunnel on a summer's day, but in the kind of cold sleety weather on the day of my visit, I wondered rather mischievously whether many visitors might stay underground!

> **There is no doubt that the project will create a fantastic streetscape**

However, there is no doubt that the project will attract attention and will create a fantastic streetscape. There is also a wider element to this story, and that is about change.

After the abolition of the GLC in 1986, Kensington & Chelsea council went to the trouble of ripping up the cycle lanes which had been installed on their main roads by the GLC. Cyclists, according to the then leader, Nicholas Freeman, had no place on London's roads and therefore the cycle lanes were a waste of space.

Now, although the council remains Conservative and will do so forever given its demographics, there is a completely new approach to roads and traffic. The council has been the first in the country to allow cyclists to go the wrong way down one-way streets and was also responsible for the pioneering redesign of Kensington High Street in the 1990s, which has slowed the traffic down and made it far more accessible and pleasant. Pedestrian barriers were removed (an example Transport for London is now following), cycle parking was installed in the middle of the street and bus lanes widened to accommodate cyclists, ensuring the whole feel of the road was changed from thoroughfare to shopping street.

The Kensington High Street scheme has been an unequivocal success. As it happens, I was brought up just off the high street, and I remember the terrible toll of accidents and pedestrians being run over which were a regular occurrence on such a busy street where traffic was encouraged, by the layout, to go through fast.

Now accidents have gone down and the experiment has been widely lauded. The courage to press through what was seen as a radical scheme gave the council the confidence to proceed with the Exhibition Road plan.

It has not been without opposition. The charity Guide Dogs threatened to launch a judicial review because it was worried that blind people would stumble into the paths of cars as their dogs would not understand the visual cues. Their fears have been allayed and Exhibition Road is going to become, yet again, something special.

As Councillor Paget-Brown puts it, "the policies of the 1960s which favoured cars above all else are being reversed". It will take courage for other councils to follow suit, especially in these straitened times, but hopefully Exhibition Road will be the first of many streets to be reclaimed from the tyranny of the car.

Christian Wolmar's new book, *Engines of War*, has just been published by Atlantic Books, £20.

tony ciaburro

This new fund comes with too many strings

The Local Sustainable Transport Fund is too small to make up for cuts in other areas, looks over-bureaucratic and will favour areas that are already able to raise cash locally

The launch of the Local Sustainable Transport Fund (LSTF) on 19 January, as part of the Government White Paper *Creating Growth, Cutting Carbon*, has set in train a fresh bidding round for local authorities for projects that create economic growth and reduce carbon emissions.

The £560m boost for sustainable transport in England (outside London) has been heralded by the DfT as "unprecedented". Although any new funding opportunities will be welcomed by local government in these difficult economic times, councils would be wise to carefully weigh up how best to tap into the four-year programme for their one chance to secure funding, and to assess the future revenue implications of any successful bid before committing themselves to the caveats outlined in the small print of the accompanying guidance.

The main aims of the LSTF are to achieve quick local wins mainly through small-scale investment (less than £5m each) to create jobs, address climate change, bring about environmental improvements, improve safety and health and empower local communities to initiate innovative transport schemes that meet their local needs.

This will be ambitious for a fund of such small proportions, especially against a backcloth of dramatic cuts in local authority transport investment. However, authorities can group themselves together to submit larger-scale bids (up to £50m) for packages of measures that transcend local authority boundaries.

The "unprecedented" element of the LSTF is most certainly not in the size of the pot, but more in the flexibility afforded by the DfT over the timing of project delivery over the four-year timescale, and the unusual mix of revenue and capital spending as part of the same funding mechanism. £350m of the £560m available is to be revenue, allowing a wider range of interventions.

While on the face of it, this may seem an attractive proposition, a closer look at the detail puts the initiative into perspective. In the first year alone (2011/12) £24m will be top-sliced from the £80m available to promote existing initiatives such as Bikeability, leaving very little to be shared out among local authorities for new projects. It is the intention of the Government to continue top-slicing over the life of the programme, although the details are not yet known.

The bulk of the money will not become available until 2012/13, hence delaying much-needed investment by more than a year. Moreover, those who promote packages involving revenue spending will need to be absolutely clear how this will continue at the end of the programme, given that there is no commitment to continue beyond 2014/15.

> **"It will be a challenge to convince communities of the value of "innovative" measures when we are having difficulty in maintaining the roads"**

The sting in the tail is that an essential criterion is that there is a "local contribution" towards the overall cost of any package. In other words, the LSTF is a top-up fund that will assist those who already have money to invest. Consequently, there is a danger that some localities in most need of investment will miss out if they can't raise cash themselves, or gain financial support from local partners.

The DfT intends to attach considerable importance to community participation in decision-making and delivery as part of the LSTF process. This is the norm in any event for most forward-thinking local authorities.

However, what may not be appreciated by the Department is the strength of feeling at the local level over the cuts arising from the comprehensive spending review. On the one hand local government is consulting on a vast range of cuts including subsidised bus services, school crossing patrols and community transport, while on the other councils are expected to engage with the public on a different set of measures which by definition are small-scale.

It will be quite a challenge to convince communities of the value of spending money on "innovative" measures when we are having great difficulty in just maintaining the roads, for example.

The good news that the plethora of funding streams has been reduced to only four, so at least we know where we are. Unfortunately, the LSTF only goes some way towards making up the difference brought about by the CSR cuts in the remaining three streams (major capital schemes, highway maintenance and block funding for integrated transport).

On top of this, the funding allocated to the RDAs to create jobs and support growth, among the objectives of the LSTF, has been cut by between 51% and 76% for their final year of operation (over £800m).

Local councils will do what they can, but what we don't need now are complex and bureaucratic assessment and evaluation processes for such small sums of funding.

The DfT has promised to take a light touch approach on the LSTF – submissions should be no longer than 20 pages! Given that the fund is largely a top-up one, then perhaps some thought should be given to just distributing it equitably across local government and all the fuss.

Tony Ciaburro is corporate director for environment, growth and commissioning at Northamptonshire County Council.

Personal rapid transit – an expensive diversion?

A new transport system using driverless four-seat pods, in operation in Abu Dhabi, attempts to break the hold of the private car. But all is not going to plan

Abu Dhabi is an unlikely place to launch a green transport revolution. Petrol costs less than 50p a litre and the cars are even more obese than in America. The Le Corbusier school of urban design, in which everything yields to the needs of the private car, reaches its zenith in the roundabouts that have VIP lanes running straight across to smooth the way for royal motorcades.

But at Masdar City, an experimental "zero carbon" development being built near Abu Dhabi's airport, an attempt is being made to break the stranglehold of the private car on Emirati life.

Masdar has just opened what is claimed to be the world's first urban personal rapid transit system (PRT) and I got to try it out last month.

Actually, to call it a system is a little misleading. Masdar's original masterplan, unveiled in 2006, had a complex network of routes under the city served by 3,000 driverless four-seat pod cars, which passengers could direct to one of 85 stations at the touch of a button.

This plan has been quietly abandoned and the single existing route, from the main car park to the university campus, the Masdar Institute of Science and Technology, is unlikely ever to be extended.

PRT is meant to act as a bridge between the private car and public transport. You can't step aboard on your driveway but you can command it to travel directly to your destination. No need to share it with potentially smelly strangers and no stopping en route to pick up hooded teenagers with blaring headphones who always end up sitting beside you.

The technology worked perfectly during my trip on Masdar's PRT. The pod reversed itself smoothly out of the docking station, changed gear and glided forward along the featureless concrete passage, following a magnetic guidance system embedded in the floor. The battery-powered pod weaved its way expertly between pillars towards to the station beside the institute's underground lecture theatre. The four berths at the station were full when we arrived, but within five seconds of a pod leaving, ours rolled into the vacant space and the doors slid open.

The PRT is a big hit with Masdar City's visitors and is much more fun than the myriad worthy low-carbon devices and designs on show there.

But judged in terms of its practical contribution to life in the city, it is a costly disaster that is in danger of tarnishing the reputation of the whole Masdar project and allowing cynics to dismiss it as a white elephant.

'Unfortunately, this has created the absurd situation in which it is quicker to walk than catch the PRT'

Under the original plan, the whole city would have been constructed on a giant plinth above an undercroft where the pods would have raced about at 40 km/h, carrying 130,000 passengers a day. But the absence of tenants rushing to secure space in the city has prompted Masdar, Abu Dhabi's renewable energy company, to find ways of cutting the city's $22bn construction budget. The undercroft concept has been dropped, meaning the university, the first building to be completed, will literally be left high and dry, the only part of the city with space underneath for the PRT.

Unfortunately, this has created the absurd situation in which it is quicker to walk than catch the PRT. The pod takes a circular 800m route from the car park to the campus. On foot, the distance between the two is only about 250m.

Even in the furnace of a 40°C August day in Abu Dhabi, that is walkable or bikeable, especially because the city is being designed with narrow, shaded streets with structures designed to suck down the cooling desert breeze.

Champions of the PRT concept will claim that it is unfair to judge it by studying the very limited version on display at Masdar City. But it is hard to imagine the idea being embraced properly anywhere else.

The only other place with a working modern PRT system is Heathrow airport. The first line of the proposed PRT network at Heathrow, from the business car park to Terminal 5, was completed over a year ago but there is still no date for service entry.

The existing bus takes about 10 minutes. The PRT takes six. Ultra, which installed the 21-pod Heathrow system, says future lines will cost £6m/km, but there were extra costs with the 3.8km Heathrow route because it was the first.

Can it be worth £23m to save four minutes per passenger? PRT's inefficiency is compounded by the selfishness it appears to evoke: passengers are reluctant to share and the load factor is less than two per pod.

PRT sucks money away from mass public transport by pandering to people too lazy to walk a few metres to a bus stop. It also perpetuates the myth that we can all travel efficiently in our own sealed bubble.

Ben Webster is Environment Editor of The Times

Heathrow can't be fixed – it's time to look elsewhere

Successive governments have failed to acknowledge that London's hub airport will never be able to provide adequate capacity in its current location. The Thames estuary option should be looked at seriously.

Recriminations over Heathrow's Christmas snow paralysis are in full swing. But who is to blame for the world's most unloved international airport?

BAA, bought by the Spanish group Ferrovial five years ago, is squarely in the frame. Ministers are muttering that their patience is at an end. Passengers caught up in the delays are livid. The airlines using the airport are threatening to sue for compensation. The airport's chief executive, Colin Matthews, has felt obliged to waive his bonus. My colleague, David Begg, the publisher of this paper and a director of BAA, has the unenviable task of finding a solution to what is probably no more than a once-in-ten-year weather nightmare.

Before the blame game gets out of control, it is worth looking at Heathrow's long-term problems, not its short-term miseries. Attempting to run any complex transport operation at 99% capacity is a recipe for trouble. It requires only a flap of a butterfly's wings to turn order into chaos.

That is why even in good weather London's key hub airport has longer delays and poorer reliability than any of its comparable European competitors. It is continually on the edge of disaster.

The solution is obvious: reduce the number of flights using the airport or increase its capacity. The former is contrary to the interests of both BAA and its customer airlines, whose priority is to maximise their revenue. The latter, either in the form of a third runway or the alternative of operating in "mixed mode" capacity, using the two existing runways for both take-offs and landings, would meet stiff public resistance.

It is all too easy to criticise the Civil Aviation Authority for its failure to regulate the industry in the interest of passengers. Certainly its perverse incentives for the airport operator and the airlines to operate at maximum capacity at Heathrow have contributed to the problem.

But the responsibility for the shambles of Heathrow lies principally with successive governments who for more than 40 years have dithered and dodged, terrified that there is no politically acceptable way of increasing aiport capacity to meet demand for London. The coalition is following this inglorious tradition with its claim that the development of high-speed rail means that there is no need for a third runway at Heathrow or an increase in runway capacity elsewhere in the South-East.

> **Even if a third runway were built, it would be unable to cope with the predicted trebling of traffic over the next 30 years**

The Town and Country Planning Association's description of Heathrow as "one of the country's truly great planning disasters," is oft quoted, not least by me. Certainly no one in their right mind today would build an airport whose flight path over the capital pollutes the lives of millions of people. But the decisive argument against the further development of Heathrow is that, even if a third runway were built, it would be unable to cope with the predicted trebling of traffic over the next 30 years.

Under current growth assumptions, Heathrow would still only be meeting 70% of unconstrained demand by 2030. What then? A fourth runway? A sixth terminal? There is nowhere to put them even if you tore down large parts of west London. Heathrow's history of being unable to meet demand despite staggering from one bitterly contested planning decision to the next should be an object lesson in how not to conduct civil aviation policy.

The solution of moving London's hub airport to a new site further from the capital will be fraught and expensive, but similar action has been successfully achieved by major cities across the world including Paris, Washington DC, Denver, Oslo, Hong Kong, Kuala Lumpur, Athens, and Bangkok. With modern developments in rapid transit, an airport in the Thames estuary could be not much more than 20 minutes away from central London. A new site could accommodate four to six runways needed to compete with our continental European rivals at Schiphol, Frankfurt and Charles de Gaulle. No less important, it would be able to operate 24 hours a day, essential as more and more high-priced air cargo arrives at night.

When this government finally discards the fiction that no new runway capacity is needed in the South-East, the argument over where a new hub airport should be located will be crucial. Expanding Heathrow has always been the preferred option, not least because of the considerable vested interests involved.

Unfortunately successive British governments have spent the past half-century failing to absorb the lesson learnt by our international competitors that attempting to squeeze a quart into a pint pot is futile. The idea that Heathrow can meet the demands of a major international capital in the 21st century is demonstrably false.

Ministers should stop burying their heads in the sand and start planning for the future.

Adam Raphael, a former executive editor of *The Observer* and transport correspondent of *The Economist*, is the associate editor of *Transport Times*. He is a former presenter of BBC's Newsnight and an award-winning investigative journalist.

New approach takes the guesswork out of scheduling

Route planning in the logistics industry has traditionally been done using average speeds on the road network, says **Richard Eglese.** New research shows significant savings can be made by taking congestion into account

Making use of detailed traffic information can lead to vehicle route planning which provides more reliable arrival times and helps to cut CO_2 emissions.

Vehicle routing and scheduling has traditionally been worked out on the basis of road timetables which assume average speeds for each link of the road network. In practice, traffic flows are subject to congestion that leads to lower average speeds at particular times of the day or night, due to the regular fluctuations in volume of traffic. There is now much more traffic information and data available on past traffic patterns which makes it possible to plan vehicle journeys in a more informed and efficient way.

This approach will not be able to take account of unexpected events that may cause congestion, such as an accident, but the regular congestion due to volume of traffic or long-term road works can be predicted. The resulting data can be used to create a road timetable that shows the shortest time and path between customers when the journey is started at different times.

Our research has put the theory into practice, testing a routing and scheduling algorithm with real data from a vehicle fleet delivering electrical wholesale items in the South West, looking at total distances travelled, time required and CO_2 emissions. We looked at a nine-day period for 3.5 tonne GVW box vans, which made between 40 and 64 visits to customers each day. There were no restrictions on the roads on which the fleet could travel, and as the electrical equipment is relatively small and light there were no effective constraints on the capacity of the vans.

Two road timetables were constructed using past data on speeds of vehicles on routes for each day's set of customers, one (A) using uncongested speeds which did not vary by time of day and the other (B) taking into account the effects of congestion at different times of the day. The schedule prepared based on A was then evaluated under the actual time-varying speeds of B to give an assessment of how long it would be expected to take under normal conditions.

As a result, over all the runs, the percentage of routes that went over time was 65% and the total extra time required to finish those routes was an average of 57 minutes. In practice this may require the payment of overtime and could also lead to delivery problems if some deliveries are delayed beyond the normal time when customers can accept them.

> **Information and data on past traffic patterns make it possible to plan vehicle journeys in a more informed and efficient way**

To overcome this problem, one strategy used by planners is to use slower constant speeds to make an allowance for congestion. This will not reflect the actual variations in speed at different times of the day, but might be expected to make sufficient allowance so that the actual route lengths do not exceed the 10 hours allowed. The algorithm was run again using constant speeds, where the original uncongested speeds were reduced by 10%. The resulting plans were then evaluated using the actual time-varying speeds in the same way as the previous set of runs.

Even with this allowance, many of the routes planned still exceeded the 600-minute time limit. The allowance is not enough to provide a set of routes that are likely to be satisfactory. Other sets of runs were carried out, again using constant speeds, but not until speeds were reduced overall by 20% were nearly all the routes within the 600-minute maximum.

In contrast with the previous results, using a new algorithm called LANTIME, which directly uses the time-varying speeds in road timetable B, produced results where all routes were completed within the 10-hour limit. The results from LANTIME demonstrate that this is a more reliable basis for planning routes in terms of the time needed to complete each route, which also leads to the lowest distance travelled and lowest time required while still delivering to all the customers on the round. By searching for the fastest routes, it tends to avoid congestion and only uses longer routes when the vehicles can travel faster, at a speed closer to the optimum for emissions per kilometre.

The case study results demonstrate how ignoring congestion and time-windows can lead to expensive overtime running, cancelled customer trips and duties for drivers that are unacceptably long. Conversely, using the LANTIME algorithm provides the potential to make significant savings on CO_2 emissions (estimated at around 7% in this case study – a substantial saving over time and major operations). The algorithm used has been purely for research at this stage – and professionals need to be asking commercial providers of vehicle routing and scheduling software tougher questions about the extent that speed of traffic by road and time of day is included in their approach, and the level of detail.

Richard Eglese is professor of operational research in the Department of Management Science at Lancaster University Management School

Richard Eglese: "Ignoring congestion can lead to expensive overtime running"

Send your comments to david.fowler@transporttimes.co.uk

From: **Clive Pidgeon**

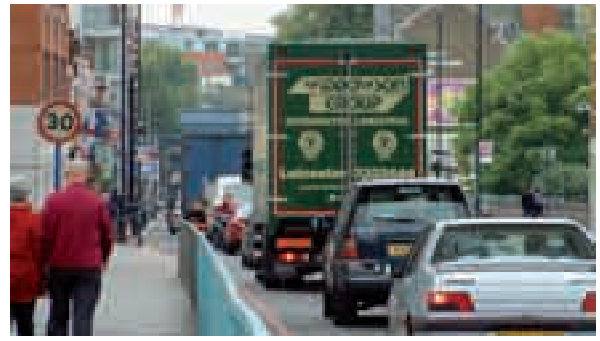
Subj: **A fair hearing for freight**

As a transport professional of many years I find it interesting that your magazine, which you declare “provides news, information, analysis and comment on surface transport” appears to be wholly focused on passenger transport, the environment and green issues and the public sector. The only mention of freight is to demonise it, completely ignoring the fact that it responds to derived demand and serves the communities in an as complete and efficient way as passenger transport, in many cases more efficiently and effectively than some modes. As I see it you should really title it *Public Transport Times* and do away with any pretence at representing surface transport.

I only mention this because when one reads down the *Transport Times* who’s who, the same old freight-bashers appear to be strikingly prominent in your list of contributors and even permanent staff. Surely you would be serving surface transport in a somewhat more balanced way if you also accepted, and included, the freight transport sector in your somewhat currently biased publication?

One only has to read the December 2010 issue to realise that freight is totally excluded, other than by Ben Webster, who ignored the fact that many cyclists do not treat goods vehicles appropriately and often contribute to accidents where there can logically only be one outcome. In fact, he declares that “the freight industry views cyclists as an irritation and pays lip service to safety concerns”. How can anyone print unsupported statements like that and then claim to fairly represent surface transport?

Surely all road users, including cyclists and pedestrians, must accept that they are not always blame-free and, while lorry drivers may find it difficult to appreciate things from a pedal perspective or that of a pedestrian, one has to wonder how many cyclists and pedestrians consider the problems many freight drivers are faced with when trying to negotiate vehicles in the urban environment to deliver the goods (and even the cycles) that these consumers demand?



‘The only mention of freight is to demonise it’

Please could we see a more balanced, representative and industry-wide approach to issues in the future and accept that it is not one single sector that is to blame, not one single sector that can put things right and not one single sector that invests in the future?

Clive Pidgeon FCILT,
Capital Training Services,
Neath, South Wales

We may be guilty of focusing more on public transport than freight, but we certainly have no intention to demonise or bash freight. See page 17 for a positive story – Ed.

Aviation seeks the way ahead

Key industry figures came together at last week's *Transport Times* aviation conference to debate issues from capacity to taxation – and the vital question of Heathrow's status as the UK's hub airport. **David Fowler** reports

Aviation has been one of the most fraught areas of transport policy, in which successive governments have floundered.

Airlines and airports complain that they need more capacity; environmentalists attack the industry for its increasing emissions; passengers bemoan queues, congestion and disruption as in the recent snow. South-east England and Heathrow in particular come in for the most trenchant criticism.

Yet governments can do no right. When Labour supported Heathrow's third runway it was widely condemned for pandering to the aviation industry.

The coalition came into office pledged to scrap the third runway: it went further and announced there would be no new runway capacity in the South East in this parliament. Various task forces and reviews have been set in progress to devise a new strategy. This came in for a withering critique from Sir David Rowlands, chairman of Gatwick, at last week's *Transport Times* conference A new strategy for UK aviation (see news). In short, he attacked the government for not basing policy on facts (the runway issue) and for being too slow (with the process to develop the new strategy).

'Aviation has been a divisive subject in recent years. The coalition wants to try to build a wider consensus'

In his opening remarks to the conference, SITA vice-president and conference chair Rob Watkins set out five key issues a new strategy must address.

These were air passenger duty, which he said originated as a green tax but was now, according to the International Air Transport Association, a charge on passengers to help bail out the banks. Second, particularly after the snow in December, was disruption management. Third was capacity, especially in south-east England. "As an industry are we any good at aligning capacity and demand?" he asked. Fourth was security: was the balance right or could the length of queues be reduced? Was there a more sophisticated approach to screening for suspicious items, and how could security be made more consistent across the world? Finally, the environment. Aviation contributes 2% of global emissions: "Have we got the focus right?" he asked.

To this he added questions such as: can the industry serve passengers with the current infrastructure; how can airlines and airports work together more effectively; and is the balance between regulation and liberalisation right?

Transport minister Theresa Villiers set out the government's policy approach.

"It is important that we have a policy framework that allows the aviation industry to flourish in a competitive global environment," she said. This embraced not just passenger transport but air freight, the aerospace industry, and the legal, finance and insurance companies which support the aviation business.

She added: "The task we face is to enable the industry to operate in a sustainable way that is consistent with meeting our climate change commitments."

Ms Villiers explained that new runways at Heathrow, Gatwick and Stansted had been rejected "because they would have caused an unacceptable level of environmental damage, particularly in relation to noise." But she was confident aviation "could rise to the challenge" of bringing about "a low carbon transport system while contributing to sustainable growth".

Rejecting new runways made it vital to make the best use of existing capacity, and to improve "the quality of the passenger experience within those capacity constraints".

The South East Airports taskforce had been set up to address this issue at Heathrow, Gatwick and Stansted but its findings would benefit the wider industry. The government wanted to "create the right conditions for regional airports to flourish. I believe they have the potential to help relieve overcrowding in the South East," she said.

The DfT was working with the Home Office and the UK Border Agency on ideas for improving how border checks are handled, including the use of new technology.

Regarding security, Ms Villiers said that the regulatory framework for aviation security was "too prescriptive" and would be reformed. The new approach would be "to set the industry demanding outcomes" while giving it the flexibility to work out the most efficient way of achieving them. Proposals would be consulted on soon.

On resilience, she said: "For years, the question at Heathrow was how many more flights can be squeezed in?" Insufficient regard was paid to the impact on resilience. "We need to place a much stronger focus on resilience to see if better working practices give the airport more breathing space to recover when things go wrong." She said it was necessary to consider "whether we can learn from areas such as the railways, where emergency timetables can be introduced" in extreme weather conditions.

Air traffic control was an area where closer cooperation with Europe could "yield significant advantages". The "single European sky" programme had potential to cut delays and benefit safety, cost-efficiency and environmental performance. The CAA's UK national performance plan would be made available for consultation during March and April. Already the UK and Ireland's joint functional airspace block, the first to be operational in Europe, was yielding improvements in fuel consumption and emission reductions.

A new bill on airport regulation would introduce a licensing system, replacing the framework introduced in the 1980s and generally agreed to be outdated. In place of setting five-year price caps at regulated airports the CAA would be given "the powers it needs to become a more responsive regulator" and allow it "to intervene more quickly if an airport is failing its customers". The CAA would be given a primary duty to promote the interests of the passenger.

Ms Villiers said the latest Treasury thinking on air passenger duty would be revealed in the Budget in March.

In the same month the DfT will publish a scoping document "posing strategic questions on the way forward for aviation". A draft policy framework will be published for consultation during 2012.

"Aviation has been a divisive subject in recent years. The coalition wants to try to build a wider consensus," she added.

CAA chief executive Andrew Haines enlarged on the future of regulation. "I expect reform to provide the tools to allow CAA to be a smarter regulator, backed by transparency and a willingness to enforce where needed," he said. The new approach "will allow the industry to respond to problems where they arise."

At the heart of the new approach would be a primary duty to the consumer. But, he added, making the passenger's interest central "for the most part also strengthens the position of airlines".

The new licensing regime "will allow us to make regulations to fit each airport," he said. "The CAA will have the ability to put in place additional conditions."

This did not imply a more heavy-handed approach. "It will be a regulatory toolkit to make airports and airlines work more in the interests of passengers." Rather than punishing failure it was "more important to create an environment of working together". Greater flexibility would also "allow us better to respond to requirements in the South East".

Meanwhile the UK was crystallising its future airspace strategy for air traffic control within the single European sky programme. "This is the single biggest area where the CAA believes it can contribute to an improved environmental outcome," said Mr Haines." The current rules are 40 years old and the system is complex and increasingly difficult to manage. "The time is right for a radical overhaul. "

Transport for London deputy chairman Daniel Moylan and London First chief executive Baroness Jo Valentine addressed the question of capacity.

Mr Moylan had been given the task to look into the question of airport capacity for London and the South East by London mayor Boris Johnson. His report was published two weeks ago. Confessing himself "initially sceptical" about the need for a new airport he said he had become "more and more convinced Boris was fundamentally right".

Explaining his reasons, he said: "It's blatantly obvious runway capacity in the South East is full or close to full."

Figures showed demand for aviation

turn to page 22

From top: Daniel Moylan and Jo Valentine called for more capacity; the CAA's Andrew Haines outlined regulatory reform; Easyjet's Chris Gadsden supported a plane tax

Theresa Villiers set out Government policy; Tim Johnson spoke on emission trading; Steve Ridgway opposed a plane tax; Rob Watkins chaired the discussions

from page 21

would continue to grow. There were "serious environmental questions" but work by the Committee on Climate Change suggested an additional 85 million passengers annually can be accommodated within the UK's emission targets. This is more passengers than currently handled annually by Heathrow (66 million).

Although it was a legitimate option not to try to meet the additional demand, the consequences had to be spelled out. One characteristic of a "world city" was having a hub airport with direct connections to destinations around the world. London would be in danger of falling off this network. If that happened "there would be a direct impact on people in London and on the number of high quality jobs," Mr Moylan said.

"The answer has to be bold and significant," he said. Other countries had been able to overcome the objections to a new airport so there was no reason why the UK could not also.

Baroness Valentine said London's links to the world have been among its greatest assets. "The government pledged to prioritise transport projects which support growth such as Thameslink and Crossrail," but there was no similar commitment to aviation. "The government is dogmatically ignoring the problems in the sky overhead," she said.

Referring to Heathrow she added: "No airport can be truly world class operating at 99% capacity." Most European airports operated at 75% capacity – this headroom allowed them to recover more quickly from disruption.

Heathrow was falling behind in the number of direct long-haul destinations offered – this would restrict London's potential, she said. London First will be setting up its own connectivity commission to look into this, in parallel with the official government aviation policy review.

Virgin Atlantic chief executive Steve Ridgway and Easyjet head of regulatory affairs Chris Gadsden gave both sides of the case for replacing the current air passenger duty with a tax levied on each flight (the so-called per plane duty).

Mr Ridgway said that the switch to a plane duty was supposed to provide an incentive to airlines to change to fuller, cleaner planes. This assumed, he said, that UK airlines were currently using half empty, dirty aircraft and that a further incentive to improve was needed.

In fact in 2009 the average load factor of all UK passenger services, according to the CAA, was 79%. Oil at around $100/barrel was already incentive enough to use more fuel-efficient aircraft.

Virgin Atlantic's new Airbus A330-300s were 15% more fuel-efficient than their predecessors, and new Boeing 787s would be 27% more fuel-efficient than the planes they would replace. "Airlines are investing huge sums not because of taxation, but because there's a strong business case," he said.

A plane duty would encourage people to bypass the UK. A family travelling from the UK to the US for a holiday would be more likely to fly to somewhere like Frankfurt and transfer to a US flight there. They would pay less duty but create more emissions. Transfer passengers, who help to make operating to more destinations viable, would avoid travelling via the UK.

Mr Ridgway argued that air passenger duty should be reformed to meet environmental objectives by making each band contribute in proportion to its emissions. The government should consult on the tax, and refrain from increasing it every year.

Mr Gadsden argued that the plane tax could be greener and fairer. Under air passenger duty, he said, long-haul is undertaxed – it carries 20% of passengers, is responsible for 66% of emissions and contributes around 50-55% of APD.

To illustrate how a plane tax might work, he proposed a tax made up of a fixed basic charge (say £100/flight), plus a component levied on maximum take-off weight (say £7/tonne) to which a distance-based multiple would be applied. He proposed 10 bands of 500 miles, with the top band being 4500 miles and over. This would produce very few losers, he argued.

Mike Tanzer, chief executive of ABTA, said his organisation also supported a plane duty, but his immediate focus was the level of taxation through air passenger duty.

According to ABTA's analysis, he said, "if APD continues to rise to the projected level of £3.8bn in 2015, we believe that the increase from where it was at £1.9bn will account for 1.025 million fewer inbound visitors annually, and a loss of £641m of spending in the UK at current prices." Adding UK residents being deterred from travelling abroad, plus multiplier effects, this increased to between £2bn and £2.5bn annually. One study estimated that APD has already cost 31,000 UK jobs, he said.

The effect was worse on destinations in the Caribbean, which is highly dependent on tourism. In the first and second quarter of 2010, "visits to the Caribbean – with its high APD rates – were down by 16% and 26% respectively, an overall six month decline of 21%," he said.

He concluded: "It seems that the financial gain to the Treasury is less than the loss to the wider economy", and that many of the economies the UK supports through overseas development are damaged by APD: "we are taking away with one hand what we put in with another".

David Cameron had said that tourism was fundamental to the rebuilding of the economy. "Yet the refusal to extend capacity at Heathrow, the inexorable rise of APD, and the lack of a vision [of the role of tourism] will throttle this ambition."

Climate change committee chief executive David Kennedy looked at aviation's role in decarbonising the transport sector.

The Climate Change Act sets the target of reducing UK carbon dioxide emissions by 80% from 2005 levels by 2050. Aviation was set the target by the last government of capping emissions at or below 2005 levels by 2050.

This would mean aviation would be allowed to emit 37Mt of carbon annually while total emissions for the overall economy reduced from 693Mt to 159Mt.

Mr Kennedy looked at various scenarios for aviation demand. Unconstrained there would be an increase of 200% by 2050. With only currently planned runway capacity and a price for carbon dioxide emissions (through emission trading) of £200t, demand would grow by 115%.

But an increase in demand of only 60% was compatible with the CO_2 target, said Mr Kennedy. This assumed biofuels supplied 10% of the aviation market and a 0.8% annual increase in fleet efficiency between now and the target date. This equates to an improvement of 35% in carbon intensity, allowing a 55% increase in flights.

Other instruments would be needed to close the gap, such as a carbon tax on top of the carbon price and limits on airport capacity or slots.

Modal shift could play a part. If the new High Speed 2 rail line is built, rail could increase its modal share on journeys of up to around 800km. It could capture a market share of 60% between London, Amsterdam, Dusseldorf and Frankfurt. But this would only reduce demand by 10% by 2050.

Research suggests videoconferencing could reduce business flights by up to 35%; BT and Vodafone have already achieved reductions in business flights of 20-30% in recent years. Other evidence, however, suggests that improved telecommunications can lead to an overall increase in travel. More work is needed in this area, said Mr Kennedy.

The CCC estimated that together modal shift and videoconferencing could reduce emissions by 5Mt by 2050: still not enough.

He concluded that limits to demand growth will be needed to meet the target and that flying will become more expensive due to carbon pricing, taxes, and restrictions on capacity; an international framework was needed to manage the issue.

Aviation Environment Federation director Tim Johnson said the EU emission trading scheme, which the aviation industry joins next year, would not be enough to bring about sufficient emissions reductions in the sector. Even by 2020 only around half the emission permits for the sector will be auctioned, the rest distributed free.

The UK's 2050 emission target should be supplemented by interim targets, he argued, providing long-term certainty to form a basis for planning. Other regulatory and fiscal measures would also be needed.

The AEF welcomed the DfT's move to commission research on the marginal cost of abatement measures for the aviation sector, which would "go a long way towards creating the evidence to help steer the government to a more target driven administration."

Northern Way transport director John Jarvis described newly-published research on the barriers to improving the North of England's international connections.

Evidence strongly suggests that international connectivity is a key factor in inward investment decisions and inbound tourism for the North. The international connections of northern cities had been analysed and on a scale with London as 100, Manchester scored 42 and Newcastle 22. Only these two have direct connections to Heathrow and northern cities increasingly depend on Schiphol as the nearest hub.

The north would benefit from a greater number of direct routes to international destinations but because average income is lower there is a lower proportion of business travellers, which is turn results in higher than average price elasticity and greater sensitivity to air passenger duty. Because aircraft flying from the north tend to be smaller, the introduction of a plane tax would have a larger effect per passenger and thus an even greater negative impact in the North than air passenger duty. A plane duty would also adversely affect freight.

Mr Jarvis called on the government to explore how links to Heathrow can be protected through revised European slot allocation regulation, and, given the potential disproportionate impact of plane duty on the North, to explore the idea of a regionally-banded version of air passenger duty.

Addressing the question of whether Heathrow could be made better without making it bigger, BAA chief executive Colin Matthews outlined the economics of long-haul travel. "Long-haul aircraft need to be relatively big and relatively full, every day." For the vast majority of destinations the only way to achieve that is through many sources of traffic. "Hub airports bring together a lot of different sources," he said. By adjusting the price up or down aircraft could be filled by attracting more transfer passengers.

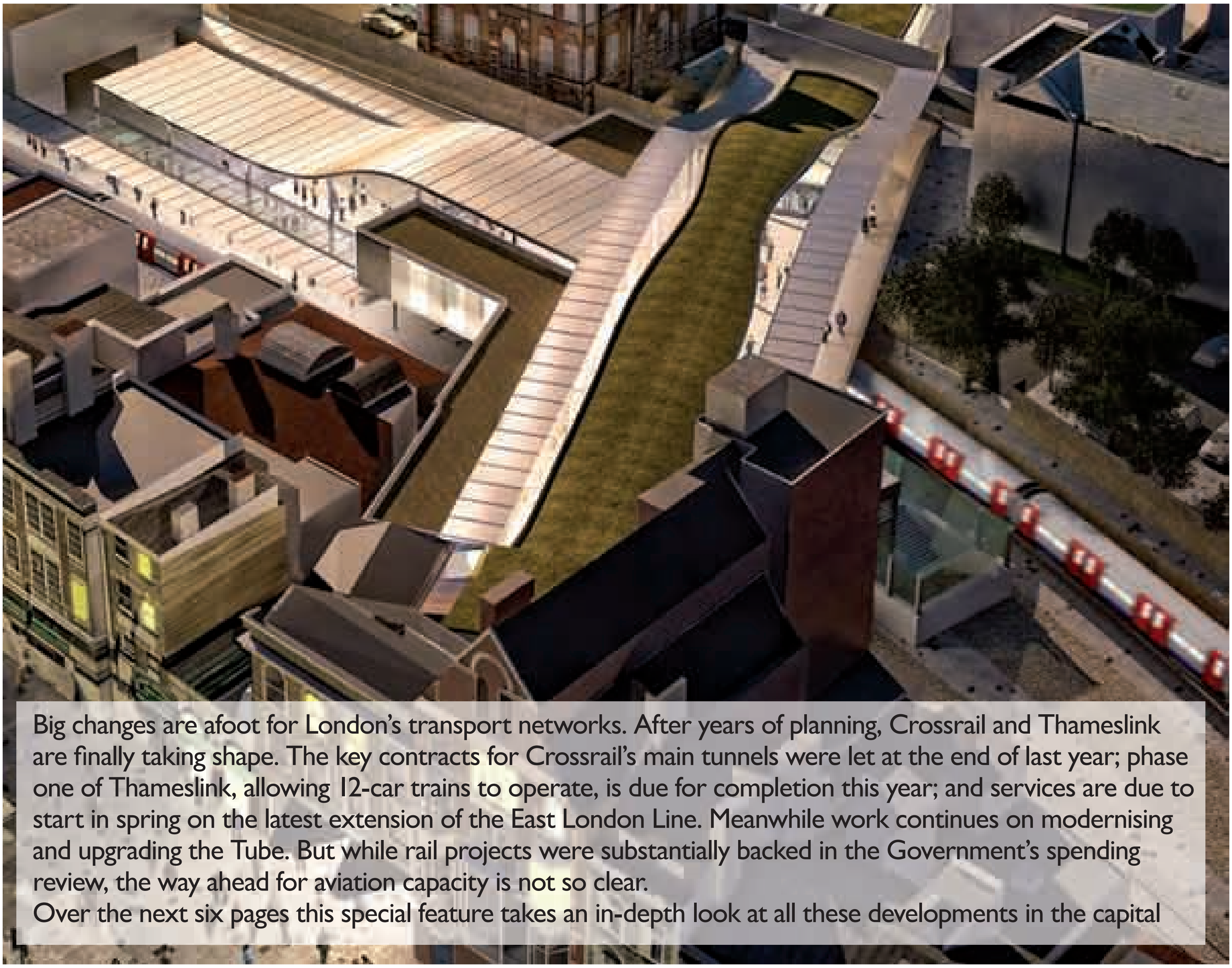
"The UK needs Heathrow as a hub," he said. Experience in the US suggested that a consolidation in the number of airlines would lead to a reduction in the number of hubs. The same was likely to happen in Europe.

To the idea that a new London airport could share Heathrow's hub status, he said: "The people who say can we have two hubs in the UK are dreaming. The challenge is to hold on to one in the face of competition from Paris and Amsterdam.

"As to whether you could move Heathrow," he added, "that question has exercised people for decades. I think the sensible solution is the obvious solution."

"The financial gain to the Treasury from air passenger duty is less than the loss to the wider economy"

Mike Tanzer said passenger duty is costing jobs; Rob Watkins set out issues a strategy must address



Big changes are afoot for London's transport networks. After years of planning, Crossrail and Thameslink are finally taking shape. The key contracts for Crossrail's main tunnels were let at the end of last year; phase one of Thameslink, allowing 12-car trains to operate, is due for completion this year; and services are due to start in spring on the latest extension of the East London Line. Meanwhile work continues on modernising and upgrading the Tube. But while rail projects were substantially backed in the Government's spending review, the way ahead for aviation capacity is not so clear.
Over the next six pages this special feature takes an in-depth look at all these developments in the capital

Crossrail tunnelling will start this year

Preparatory works are under way: docks have been drained, whole blocks of central London buildings have been demolished to make way for new stations.

But only in December did Crossrail finally take an unambiguous, irrevocable step forward with the award of the main tunnelling contracts for the £14.5bn project. The contracts, worth £1.25bn, comprise 18km of the 21km of twin-bore tunnel required for the project and were the first of 30 contracts due to be awarded over the next 18 months.

When in October Crossrail emerged from the Government spending review with £1bn shaved off the project's cost and completion delayed by a year to 2018, the way was clear for the awards, for which a shortlist was announced two years previously.

The contract for the Western Running Tunnels (Royal Oak to Farringdon) went to a joint venture comprising BAM Nuttall, Ferrovial Agroman (UK) and Kier Construction. The same consortium also won the contract for early access shafts and sprayed concrete lining works for Bond Street and Tottenham Court Road stations tunnels and the two will be combined under the new Crossrail programme to produce cost savings.

The Eastern Running Tunnels (Limmo Peninsula to Farringdon; Limmo Peninsula to Victoria Dock; Stepney Green to Pudding Mill Lane) was awarded to a joint venture of Dragados and John Sisk.

The contract for early access shafts and sprayed concrete lining works for Whitechapel and Liverpool Street stations tunnels went to a joint venture of Alpine BeMo Tunnelling, Balfour Beatty Civil Engineering, Morgan Sindall (Infrastructure) and Vinci Construction Grands Projects.

Tunnelling activity will get under way late this year, with the first two of seven tunnelling machines being launched next spring. The remaining tunnelling machine launches will follow between 2012 and 2014.

The contract for the remaining new tunnel drive, the Thames Tunnel between Plumstead and North Woolwich, will follow this year along with the remaining contracts for tunnel portals and station platform tunnels.

A shortlist was also announced last year for the refurbishment of the Con-

turn to page 26

'In December Crossrail took an unambiguous, irrevocable step forward'

from page 25

naught Tunnel under the Royal Docks. This 550m tunnel dating from 1878 was part of the North London Line but has been disused since 2006. It will need to be enlarged to make room for Crossrail trains and overhead electrification, and relined.

The tunnels run at depths of up to 36m and are mainly in London Clay, except for the Thames crossing which will mainly be in chalk.

A tunnelling and Underground Construction Academy is being established near Ilford to address the shortage of people with the necessary skills to work on Crossrail and other tunnelling projects in the UK, and will open its doors in spring.

Enabling work is already under way at five stations on the central route – Bond Street, Canary Wharf, Farringdon, Paddington and Tottenham Court Road – and is 25% complete. At Canary Wharf, where the station is being built by Canary Wharf Group, a section of the northern West India dock has been drained, piling completed and a concrete slab laid on the dock floor while excavation continues.

At Farringdon, where there will be an interchange between Crossrail and Thameslink, a tower block has been demolition and work on the foundations of one of two ticket halls has begun.

Two weeks ago the tender process for the main construction contracts for four central London stations – Bond Street, Tottenham Court Road, Liverpool Street and Whitechapel – got under way, procurement for Farringdon and Paddington having commenced last year. Crossrail intends to award the main contracts for all six central London stations, whose total value is £1.5bn, by the end of the year.

Network Rail has issued an invitation to tender for the design of the bulk of works planned on the north-east section of the Crossrail route, between Stratford in east London and Shenfield in Essex.

The invitation to tender includes the design of major station improvements at Romford and Ilford and general station improvements along the rest of the 25km route at Goodmayes, Forest Gate, Harold Wood, Gidea Park, Chadwell Heath and Brentwood. Platform extensions will allow longer, higher capacity trains to run, and step-free access will be provided at the majority of the stations on the route. Atkins, Tata Steel UK Rail Consultancy and Amey OWR are shortlisted.

Meanwhile, London mayor Boris Johnson has published proposals for consultation for a levy to raise £300m towards the cost of the project from new developments in the capital. The Community Infrastructure Levy will be collected on new developments which are approved from spring 2012 at a rate of £50/m² in inner London and £20/m² in outer London boroughs.

> **‘London mayor Boris Johnson has published proposals for consultation for a levy to raise £300m towards the cost of the project’**

Long train runn

Commuters will see the first benefits of the Thameslink programme

For the London commuter market the key word is capacity, the ability to get aboard a train to and from your place of work quickly, reliably and comfortably.

It’s an area that the rail network, and its passengers, has been grappling with from its earliest beginnings, almost since the railways moved from being a tourist sideshow to a real means of public transport.

In the 21st century the demands on capacity are heavier than ever, but the cost of providing significant capacity increases means that programmes of work designed to provide it are often long-argued and complex.

The Thameslink Programme is one such animal. It promises a massive increase in capacity and journey options via the only north-south heavy rail link through central London. But that huge step forward comes at a price, and the battle to deliver it took many years to bring it the point in 2007 where the first shovelful of earth was moved.

While the new government looked hard at the UK’s balance sheets after last year’s general election, Network Rail was working hard to complete the first major phase of the Thameslink programme.

With work still under way at dozens of sites up and down the Bedford to Brighton route, the programme is set to complete the infrastructure needed to accommodate the first 12-car trains on the current route by the end of this year.

That means not only the major station developments at Blackfriars and Farringdon, but platform extensions to the north of the capital too, plus track, signalling and power supply upgrades, all of it while providing daytime services on one of the country’s busiest commuter routes.

The Christmas period last year saw one of the most obvious signs of progress so far, when an eight-week “run-through” at Blackfriars allowed Network Rail to move the running tracks from the western side of the bridge over to the eastern side. That brings the first part of the new station into operation and allows heavy work to begin on the eastern side of the site where a brand new station is being built on top of what is, in effect, a brand new bridge.

The December 2011 timetable will usher in the first 12-car Electrostar trains on the route. It will coincide with the opening of the southern entrance to Blackfriars station, a station spanning the Thames, and the first time that heavy rail services have served

A world-class city

Martin Heffer argues there are good reasons to be confident abou

This time last year, London’s transport budget, Crossrail and Thameslink all looked like easy targets for the forthcoming comprehensive spending review. Twelve months later things don’t look half as bleak as the gloomier pundits predicted. London has found it has a canny political team able to champion both the rubber and the steel wheel. They have secured a “back loaded” budget cut that amounts to £2.17bn over the next four years, and there is a sound plan for making good that reduction.

TfL openly recognises that staffing levels and pay must be challenged in the same way as they are being challenged in firms across the sector. The Tube upgrade is secure but, quite rightly, no-one in the now defunct PPP sectors is being allowed to think that the pressure is off. The upgrade programme is tasked with finding £300m worth of savings. Likewise Crossrail is targeted with finding £500m. Commonsense packaging of Crossrail contracts to allow economies of scale is on the agenda and Network Rail is testing the potential benefits of early contractor involvement on its south east section with Balfour Beatty.

The case for protecting London as the engine room of the economic recovery, and transport’s part in this, has been well made.

The coalition has picked up the baton from Labour and realised that London’s airports are struggling within the current regulatory regime to do what is expected of them. The South East Airports taskforce is getting to grips with the realities of airport operations and starting to realise the need to give operators the tools they require to provide the service expected by the public.

The Government has committed the funds to press on with the design and legislative process for realising a high-speed rail connection north from London. Irrespective of people’s views on the merits of such a scheme, this at least offers a plan for resolving the fast-approaching capacity problems on the two primary public transport arter-

ing

as phase one reaches completion this year – with much more to follow, says **Jim Crawford**

Blackfriars will be the first station to have an entrance on both sides of the Thames

the south bank of the Thames directly in well over 120 years.

Last November the Department for Transport announced that a large number of major rail projects were to progress, with the Government convinced of the compelling case for infrastructure investment taking the economy in the desired direction. The final phase of the Thameslink programme gained approval as part of that process and in these straitened times there were sighs of relief.

On-site work on the programme will pause during summer 2012 to accommodate the Olympic Games but from there on there is a massive programme of work in prospect to unlock the vast majority of the benefits of the programme as a whole.

London Bridge station and the two-track section of railway over Borough Market are among the worst bottlenecks anywhere on the national rail network. Work is already under way to install a new two-track viaduct alongside the existing railway at Borough, but far more widespread works will be required to completely rebuild and re-signal London Bridge station itself to enable that extra capacity to be used effectively.

Thameslink at last has a timetable to get to the terminus

A revised plan put forward as part of the comprehensive spending review pushes the completion date back to 2018 but gives Network Rail far more confidence of bringing in this programme on budget, and allows it to do so while keeping the impact of the works on passengers to an acceptable level.

Within a few years we should see up to 24 trains hourly in each direction through the core Thameslink route in central London.

The completion of a link to the East Coast main line just north of St Pancras will enable through trains from Cambridge and Peterborough to reach destinations south of the capital. That alone will have a measurable effect on the pressure on King's Cross station and the Tube network.

Hard-pressed commuters and business and leisure passengers are set to see a real improvement not only in capacity but also in journey opportunities. Thameslink at last has a timetable to get to the terminus.

Jim Crawford is Network Rail's senior programme director for the Thameslink Programme

needs world-class transport

t the future of London's transport infrastructure

ies to the north from the capital.

Not only has London secured the present, there are strong reasons for being confident about its future. There are significant challenges in securing the long-term future of the capital's transport network; but on current showing there are reasons to be optimistic. Here are four areas to watch.

London's airports: we have only one hub airport in London – Heathrow – and no political desire to increase capacity there. The harsh reality is that once the work of the South East Airports taskforce is complete we will still have done nothing to address the issue of runway capacity for London. Only the Mayor seems willing to put his head above the parapet on this issue. Pressure must be maintained if London's future as a world city is to be maintained.

Rail: the capacity issues on London's corridors to the north and the ability of the Underground to serve them must be addressed. If HS2 is part of the solution it must be pursued in a practical fashion. The choice of Old Oak Common as an initial London hub provides affordable connectivity along with sustainable regeneration and business development in close proximity to Heathrow and the West End. London needs to look for other such opportunities and encourage developers to bring about the increase in land values that will help fund London's transport needs.

One charge that cannot be levelled at London is that it is frightened of taking others' ideas and making them its own

Transport delivery: TfL is facing up to the pain of restructuring. Future success requires the adoption of lean processes. Forward-looking counties such as Essex are already employing these. The luxury of "man-to-man marking", as seen so often in the development of rail projects, is something that often stifles innovation and costs money. London requires entrepreneurial spirit in those involved in its infrastructure as never before. Such spirit underlies the work of Infrastructure UK, the Treasury unit charged with improving the planning and execution of UK infrastructure, on reducing delivery costs, as does the need to package work so it can be executed effectively. Traditional delivery models based on rigid patterns of client, consultant, contractor need urgent review.

A seedbed for ideas: one charge that cannot be levelled at London is that it is frightened of taking others' ideas and making them its own. From Boris Bikes to the Shibuya crossing at Oxford Circus, examples abound of its willingness to adopt and adapt ideas to suit the capital's needs. The desire to use tax increment financing to fund the extension of the Northern Line to Nine Elms is a further example that demonstrates London's willingness to adapt.

This must continue if London is to retain its place as a world city capable of attracting the best in talent. The future is challenging but that's what makes it rewarding. London has an exciting transport future ahead of it and I, for one, am glad I work in it.

Martin Heffer, technical director of Parsons Brinckerhoff's strategic consulting division

Into orbit

London Overground is transforming connections to poorly-served parts of the capital, says **Howard Smith**

With the completion in a few weeks time of the connection between Dalston Junction and Highbury & Islington, three-quarters of the capital will be encircled by the London Overground network. The 2.1km, eight trains an hour link is the final piece in the £1bn extension and conversion of the former East London Tube line that has transformed communications in that part of the city.

Construction work on the line began two years ago, at around the same time as the beginning of the mayor's administration, and he is thrilled for every community along the route of this stretch of track.

The mayor fought tooth and nail to secure the funding from the Government that will complete the second stage of the line and he believes it is the perfect example of the sort of investment in infrastructure required for London to maintain its role as a leading world city. Its Tube-style service will make getting around the capital massively easier and bring jobs and opportunities along the length of the line.

The line runs from West Croydon, Crystal Palace and New Cross to the north across the river through the employment hot spots of Docklands and the City and via Dalston Junction station to connect with the Victoria Line at Highbury & Islington.

Hackney had very poor connections with London's wider tube and rail network. London Overground, as well as the city-wide Oystercard ticketing system, goes a long way to correcting this. The borough now has four brand new stations – Dalston Junction, Haggerston, Hoxton and Shoreditch High Street on the edge of the City – a huge boost to accessibility to work, education, and leisure opportunities for residents from the East London Line project, which was completed in just two and a half years.

The East London route now operates a turn up and go frequency of 12 trains an hour through its core section and has proved very popular since its opening by Boris Johnson in April 2010.

As well as increased service frequency and extremely high reliability (PPM is over 95%), commuters from south London are discovering new air-conditioned trains with a Tube style interior layout, optimised for short journeys of the type characteristic of the Overground network.

The East London route is carrying over 70,000 passengers each weekday and relieving congestion on commuter routes and stations in central London, particularly London Bridge: this is an important part of the remit for the Overground network generally. The Overground is now carrying nearly 80m passengers a year and growing fast. It is making vital connections that help passengers avoid central London, using lines that were, until recently, badly neglected, many of which had been considered for closure in past decades.

National Passenger Survey scores have risen dramatically from bottom of the league when TfL took over in 2007 and passengers benefit from a higher level of staff, on previously unstaffed stations. TfL made this a requirement when it let the contract to operator London Overground Operations Ltd (LOROL), a joint venture between MTR Corporation and DB Regio.

There has, indeed, been a major focus on stations, which are often sorely neglected in conventional franchises, with improvements in cleanliness, security and gating as well as refurbishment with modern CCTV, passenger information systems and station environments across the whole network.

Running in tandem with the development of the East London route has been a massive train lengthening, signalling and track upgrade programme on the London Overground lines between Stratford and Richmond/Clapham Junction.

When complete in May this year, the £300m combined TfL/Network Rail/Olympic Delivery Authority project will provide at least four trains an hour to most parts of the London Overground network (including services from Richmond and Clapham Junction and on the Gospel Oak to Barking line) for most of the day, seven days a week.

The busiest sections will see up to eight trains an hour and, with the introduction of new four-car trains, this will do much to reduce congestion on the busy north London routes during peak hours.

The London Overground orbital will be completed by the final extension of the East London route at the end of 2012. Known as the ELL Phase 2, this will connect the East London route just south of Surrey Quays with Clapham Junction.

With Crossrail well under way to provide a huge boost to east-west services and Thameslink running north-south through the capital, London Overground will provide the vital links in between without adding to the pressure already on central London tube and bus services and major national rail terminals.

In pursuit of raising standards for rail passengers across the capital, TfL's London Rail also plays an important role in working with Network Rail on its route utilisation strategies (RUS) and has suggested and contributed to improvements in rail franchises serving London. The most recent example is the funding of improvements in the Southern franchise including additional services, gating and staff.

TfL believes that inner suburban operations have different characteristics and different incentives from inter-city journeys and welcomes the increasing acknowledgement that there can be no "one size fits all" franchise model.

The Government's localism agenda fits well with TfL's ideas on urban transport, with a focus on cross-modal solutions, innovation and cost-effective improvement. The growth and success of London Overground and its sister network the Docklands Light Railway go to show what can be achieved, very quickly, on the ground.

The London Overground orbital project has revolutionised travel in London by opening up different parts of the capital. That has always been a key priority for the mayor and an area of work that we will continue to prioritise on his behalf.

Howard Smith is TfL London Rail chief operating officer

Better air links are vital

A review of the capital's international links must be open-minded, says **Jo Valentine**

A public debate is reviving. New thought is being applied to the future of London's international links. The Government will begin a review of national aviation policy within months – the first such review since 2003. London mayor Boris Johnson has publicly stated his belief that London requires a brand new four-runway hub airport to meet growing long term demand.

Both the Government and the mayor say they will refine their policies this year. Neither begins with an open mind. The Government has ruled out additional runways at Heathrow, Gatwick and Stansted. Boris similarly opposes Heathrow's incremental growth, and is silent on new runways elsewhere in London.

The danger must be that a strategy for London's international links will run aground on the sandbanks of Boris island – a long-term vision that allows the most difficult medium term decisions to be passed down to the next generation of politicians.

So let me be clear on the views of business. It needs direct flights to a growing range of destinations. If London is to remain globally competitive, its international air links will need to grow in the next ten years.

The sustainability of London as a fulcrum of the global economy is not a given. If London is the engine of the national economy, its high octane fuel is international trade. And international competition is increasing. The ascendance of the big cities in emerging economies – Shanghai, Mumbai, Beijing, Cairo, Delhi, Istanbul, Guangzhou, Rio de Janeiro – is testament to this. They will be the fastest risers in global city GDP rankings in the next decade or so. By one analysis, the projected rise in Shanghai's GDP in the next 15 years is greater than London and Paris's combined.

London must continually sharpen its act if it wants to compete, must attract new investment, must draw in the most talented, must pursue new markets and sell its wares to the world. Success relies on accelerating investment in people and in infrastructure. And London business leaders point to investment in the capital's creaking, congested transport infrastructure as a top priority.

The Government recognises this. October's spending settlement for transport made real the coalition's pledge to prioritise those projects that will support economic growth and job creation. The Tube's modernisation, Crossrail and Thameslink will provide precious capacity and permit another 20 years of growth in London. But there has been no comparable commitment to London's airports, despite the readiness of the private sector to invest. In an otherwise coherent and credible approach to critical transport infrastructure in difficult fiscal circumstances, this is a worrying blind spot.

London's links to the world are one of its greatest assets, and critical to business. Business believes that over the next decade, demand in London for flights will continue to grow at or near historic rates. And let's be clear about those rates of growth: the number of passengers at UK airports more than quadrupled between 1980 and 2008, from 50 million a year to 213 million a year. Demand in London alone is forecast to rise to 250 million passengers a year by 2030. Current airport capacity limits trips to around 140 million passengers a year.

There will be difficult balances to strike. The Government should consider all options for London's air transport infrastructure based on their merits and the UK's long-term prosperity. But ruling out solutions on the grounds of politics can only undermine the credibility of its review.

Baroness Jo Valentine is chief executive of London First

Bold thinking is needed to retain London's place in the hierarchy of world cities, says **Daniel Moylan**

Our airports are already saturated and demand for air travel in the UK, and in particular south-east England, will only continue to grow. In fact unconstrained demand is likely to triple from 2007 levels by 2050. We cannot accommodate all that demand within the Government's environmental limits, but according to the Climate Change Commission we can provide for 85 million passengers annually and still meet climate change targets; this equates to an airport greater than the size of Heathrow.

London's airports were established haphazardly, with little strategic thought. Historically, the UK's incremental approach to airport expansion has focused on terminal buildings and infrastructure improvements. This resulted in our airports being scattered all over the south-east rather than consolidated in a single and efficient major airport. What is desperately needed is more runway capacity.

Every other country that has faced this problem has concluded that it is important for runway capacity to be concentrated in one area, configured as a hub airport. Hub airports maximise the number of destinations served and frequency of routes offered. These hubs link together world cities, offering a network of super-connectivity across the globe.

However, London's place in this network is slipping: already the number of destinations served by Heathrow has fallen to 157 (compared to Frankfurt's 235), representing a fall from second highest in the world in 1990 to seventh in 2010. London risks becoming a branch line that connects into this highly prized network.

Expanding Heathrow is not the answer, however. Its location prevents substantial expansion for environmental reasons; and because there is simply not enough space to grow, Heathrow can only accommodate an additional half-runway. Even then it will never be able to compete with the expanded airports at Frankfurt, Madrid, Amsterdam and Dubai, for example. All these leading world cities may have got it wrong, but I doubt it.

The Victorians realised the need to move people in large numbers in order to support industry and tourism. They knew how to think and build big. In order to keep up with the rest of the world we need to return to that bold way of thinking. We need a new four-runway hub airport in London and the South East. This does not necessarily mean a new site; existing airports, other than Heathrow, should not be ruled out, neither should a location in the Thames Estuary.

This is why I welcome the Government's review of national aviation policy. I hope that these weighty issues, and the mayor's contribution through his recent report entitled *A New Airport for London*, are reflected in the Government's thinking.

The consequences of further inaction are potentially serious for London's economy and vitality as a world-class destination. Good international air links are essential for businesses to continue to locate and invest in London. It would be a tragedy if jobs and prosperity were exported to our neighbours because political inaction or nimbyism prevented the establishment of a new hub airport serving London, the South East and the country at large.

Daniel Moylan is deputy chairman of Transport for London, and has overseen a recent report entitled *A New Airport for London*, Part 1 of which, "The Case for New Capacity", was published in mid-January.

Maintenance and renewal are now fully under TfL's control

Freedom to innovate

With the demise of the public/private partnership, work on the Tube upgrade is firing on all cylinders, says **Mike Brown**

The Tube is absolutely central to London life. Nearly four million passenger journeys are made each day across our 11 lines. In the last year we carried more than a billion passengers – almost as many as the entire national rail network. Towards the end of last year we had the busiest period ever, and we expect demand to continue to grow.

But ours is a system in clear need of modernisation. A legacy of underinvestment means that there is much to renew and rebuild. There are signal cabins still in use with kit dating from 1926, and parts of the infrastructure on the network go back to the 1860s.

The upgrade we have embarked on is the equal of any around the world. We are increasing capacity by 30% through new trains, signalling and track, and we are rebuilding key stations including Victoria, Tottenham Court Road, Bond Street and King's Cross St. Pancras. Such a project is always going to involve huge challenges, but in London we were hampered by the labyrinthine structure of the public private partnership (PPP) under which the work was to be carried out.

Metronet, the company responsible for two-thirds of the maintenance and upgrades, collapsed in 2007 and was transferred to TfL in 2008, but it was only last summer that the full programme of Tube upgrade and maintenance came under TfL's control.

Before then, Tube Lines was responsible for the upgrade and maintenance of the Jubilee, Northern and Piccadilly lines. When Transport for London acquired the company in June last year, we inherited a Jubilee line upgrade that was well behind schedule and had been frustrating and painful for passengers and businesses. Its delay had meant that the other vital upgrades were also late. Since then we have been working to complete the work as quickly as possible and to review and re-plan the upgrade programme.

The work has progressed apace. The new automatic signalling system is now in use on much of the Jubilee line, with all trains on the line using it during passenger service. We are on track to have it fully installed and the upgrade complete in spring this year. Passengers will then start to see great improvements, with faster and more reliable trains and capacity boosted by 33% – the equivalent of carrying around 5,000 extra passengers each hour.

This major milestone represents one of the first fruits of TfL taking direct control of the upgrades. The acquisition of Tube Lines has given us greater flexibility to manage the work, saving many millions of pounds for London's fare and tax payers.

Under the PPP we had no power to limit the number of closures carried out to do the work, and on the Jubilee line this meant years of painful weekend disruption. As we approach the completion of that upgrade and the start of the Northern line upgrade we will be doing things differently. We have already cancelled unnecessary closures and our new approach means that upgrade work must be done in a way that minimises disruption to passengers and businesses while providing better value for money.

> **'We can now go forward and provide to Londoners what has been promised for so long'**

We can now look creatively at how we manage closures – whether, in some cases, extended closures might be less disruptive. During the closure planned for the Bayswater area this summer we will do in four weeks what would have taken at least 20 weekend closures spread across six months or more to complete. This means that there will be no time lost due to set-up and hand-back of works, maximising working time and helping to reduce the cost by some £6.5m.

Under the PPP, London Underground was denied the ability to work directly with the contractors carrying out work on the network, such as Amey and Thales. That illogical situation has now ended, and we are working more collaboratively with the management and staff of our (still significant) private sector partners. This has enabled us to get the best possible value by ensuring that the various upgrade projects work with each other.

For example we can now look at ways of linking different signalling projects, such as those on the District, Metropolitan and Piccadilly lines, making work more efficient and interoperability easier to achieve.

The change from the PPP to the current system has not been driven by ideology, but by need. Tube Lines completed some major station improvements and contributed to significant improvements in operational performance on the Piccadilly, Northern and Jubilee lines. But the fact was that overall the PPP simply did not deliver. It did not provide value for money nor, crucially, did it deliver the critical line upgrades – and this is what will make the really huge difference to passengers and to London's future.

TfL has retained the staff, including leading industry experts, needed to take forward the remaining projects. It was the PPP, not the people, that held back the successful upgrade of the Tube. We can now go forward and provide to Londoners what has been promised for so long – a truly world class 21st century Tube network.

Mike Brown is managing director of London Underground

transporttimes

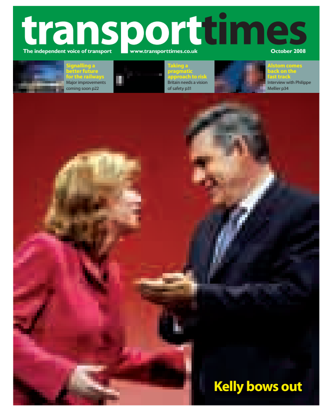
Informed analysis
Incisive comment
Unrivalled insight

Keep up to date with the latest developments by reading *Transport Times* every month.

Our team of writers and columnists bring you in-depth analysis and critical comment on the transport issues of the day.

Our insight into the politics of transport from local government to Whitehall is unmatched – which is why we're read by the key decision-makers themselves.

From public transport to walking, cycling and road-user charging, *Transport Times* gives you the integrated view.



Make sure your transport knowledge is sustainable. Contact us on 0845 262 0148, subscriptions@transporttimes.co.uk or use the form below

Subscribe to Transport Times

Stay abreast of all the developments in transport across the UK! Why not take out a year's subscription for only £90? Just fill in the form and return it to the address below

Order number (if applicable) ....

Title ....

Name ....

Job title ....

Department ....

Company/organisation ....

Address 1 ....

Address 2 ....

City ....

Postcode ....

Telephone number ....

Email ....

Where did you hear about Transport Times? ....

....

Please choose from the following methods of payment:

☐ I enclose a cheque for £90.00 made payable to *Transport Times*

☐ I authorise you to debit my Mastercard/VISA/Eurocard/Delta/Switch/Maestro for £90.00

Card number: ....

Last three digits on back of card: ....

Expiry date: ....

Issue No (Switch/Maestro only): ....

Name on card: ....

Address (if different from opposite): ....

....

....

....

☐ Please send me an invoice

Please return your completed form to HPC Publishing, Drury Lane, St Leonards-on-Sea, East Sussex TN38 9BJ, or fax to 020 7828 3803 or call 0845 262 0148

Data Protection Notice

The personal information you have provided by completing this form, and any other information provided in connection with this form will be used and controlled by the Transport Times Ltd, to process your details and for any future marketing. We will keep the information you have supplied confidential and will not disclose it to any third parties unless we are required to do so by law or you have given your consent. To ensure that your information is correct and current you can update your personal information by calling the Transport Times office on 020 7828 3804.

Before and after pictures show how bus movements have been reduced in Oxford's central area

Qualified for success

One of the less well-known aspects of the 2008 Local Transport Act could be a valuable tool for bus operators and local authorities seeking better co-ordinated services, says **Tony Walmsley**

Prior to 1986, it was common for bus operators sharing corridors on their networks to coordinate their timetables, agree price levels and accept each other's tickets.

However, one of the effects of the 1985 Transport Act (enforced by the 1998 Competition Act) was to expose the bus industry to the full rigours of competition law.

The competition authorities have, at various times, made it clear that inter-operator agreements are not in tune with competition law as they constitute a price-fixing arrangement and, by virtue of the timetable co-ordination, can act as a barrier to entry into the market by others. However, in practice few bus users have been able to benefit from genuine choice between operators competing on price, and the number of such situations has become progressively rarer over time as competing operators either give up, or sell out to one another.

Many bus users, local authorities and some operators have been inconvenienced by application of a pure free-market philosophy. For example, a user might live on a corridor leading into a town served by two separate hourly bus routes. If both bus routes are provided by the same operator, the timetables are likely to be co-ordinated and return, day and season tickets will be valid on both routes. If the two routes are provided by two different operators, the timetables will not be co-ordinated and, in the event that certain types of inter-available tickets do exist, they will almost certainly be priced at a substantial premium to the individual operator's equivalent product.

In my opinion, the user is at a clear disadvantage in the second situation despite the existence of a nominally competitive market.

Concessionary passengers travelling free are potentially doubly disadvantaged, as they do not enjoy any benefit from price competition, but are likely to have a timetable where both routes run at much the same time, punctuated by long gaps with no service. The critical flaw is that the Office of Fair Trading has regarded inter-bus competition as much more relevant than bus/car competition: we will have to wait for the current Competition Commission study to report to find out if this view continues to prevail.

Recognising that aspects of deregulation were not serving all interests, the last Government introduced various partnership measures in the 2000 and 2008 Transport Acts (see box) including, in the latter, specific lower threshold competition tests for some aspects. While many local au-

turn to page 32

Oxford's agreement

In Oxford, there was a political wish to reduce the number of buses operating within the historic central area. Recognising that this might lead to significant restrictions on their operations and livelihoods, Oxford Bus Company and Stagecoach Oxfordshire met Oxfordshire County Council to explore ways in which these concerns could be addressed while providing benefits to the users. This is to be achieved through a series of qualifying agreements.

On four key corridors where there is currently substantial overlap of services between the two operators, coordinated timetables have been agreed that will result in reductions in overall service levels of between 30% and 50% on these corridors. The reduction in total bus movements in High Street will be around 25%. The operators are ensuring that the passenger capacity reductions are minimised by the conversion of the routes to new double-deck buses. Real service levels will be increased by, for example, the replacement of two 10-minute services with a coordinated 7/8 minute one.

In parallel, a full range of inter-operator tickets is to be introduced so that passengers can make return or season trips using either operator. This part of the scheme is open to any operators in the area, and indeed a third, Thames Travel, is already signed up. This involves the updating of Oxford Bus Company's successful Key smartcard, the introduction of Stagecoach Smart and ensuring that they are fully compatible for jointly available products. Perhaps inevitably in today's day and age, it is teething difficulties with this IT project that is delaying full implementation of the qualifying agreement, though the new buses are now in place.

from page 31

thorities and operators have partnership agreements in place, a number have found that it can be difficult to deliver tangible benefits rather than just rather "soft" gains (with some honourable exceptions).

The key issues in each type of process are summarised below:

- **Voluntary partnership agreements** (VPA) suffer from three weaknesses. They can only contain items on which all parties are prepared to agree; they risk falling apart when one party feels another is not honouring their side of the bargain; and they cannot protect parties from other operators running services competing with those subject to the VPA.
- **Quality partnership schemes** (QPS), while not in themselves partnership agreements, are probably best implemented when there are more general partnership agreements in place. Their main practical weakness is that any required policing is undertaken by the traffic commissioners, who have not been given additional resources to undertake the role. With few schemes in place there is currently no case law on actual interpretations of QPS.
- **Quality contract schemes** are more controversial. Most operators, particularly those incumbent in a proposed quality contract area, dislike the concept, especially the implied risk that an operator's business could be taken away without compensation being paid. Local authorities that have considered or are considering quality contract schemes are finding a number of aspects challenging, not least in the effective transfer of risk from operators to the authority.

One aspect of the Act that has been little used is the opportunity for operators, with the support of local authorities, to co-operate in constructing a better overall service to users. There is potential to move in this direction under a qualifying agreement (see box). Guidance issued in the Act refers to qualifying agreements in the context of applying a quality partnership agreement made by a local authority: if a QPS requires a minimum service level of four buses hourly distributed evenly across the hour, and those buses are provided by two different operators, it is essential for the operators to coordinate their timetables to meet the QPS conditions.

However, the section of the Act which sets up qualifying agreements does not explicitly link them to quality partnerships. It is thus open for two or more operators to prepare a draft agreement to coordinate their timetables and then ask the local authority to certify it as providing sufficient benefits to outweigh the potential disadvantages of reductions in competition and thus be in the public interest.

It is important to note that competition law forbids such an agreement from including clauses which fix or agree individual operator's prices, as this would constitute a cartel. However there is no reason why an agreement between operators to implement a multi-operator ticketing scheme (as defined by the OFT block exemption) without any timetable coordination could not constitute a qualifying agreement and thus only be subject to the lower competition test.

The initial impetus for a qualifying agreement may come from the operators or may come from the local authority. This is the path that has been adopted in Oxford between Oxfordshire County Council, Oxford Bus Company and Stagecoach (see box).

Qualifying agreements have the potential to deliver a win for passengers, operators and local authorities, with benefits for all. Passengers see an improvement in overall service by the sensible coordination of resources and, with the effective use of joint ticketing, an increase in return and multi-journey options. Operators can eliminate or redeploy duplicated buses in the timetable meaning that their combined service offering is better than the sum of the individual components. This has the potential to benefit authorities in these financially constrained times as, if operators improve profits on the QA routes, they will be less likely to de-register services or will be prepared to take on more such services.

A reduction in pollution levels can also be expected; and environmentally sensitive streets (such as Queen Street and High Street in Oxford) can benefit from a reduction in the overall numbers of buses.

To sign off the agreement as "qualifying", local authorities have to be satisfied that, despite the agreement having the object or effect of preventing, restricting or distorting competition, it "is in the interests of persons using local services within the area of the authority". Another clause says that the local authority has to be satisfied that competition will not be excessively reduced – in other words that the operators have agreed the minimum level of competition.

A concern an authority may have is whether operators would still seek to exploit the reduction of competition by raising fares. There are a number of ways this can be mitigated or controlled. First, the operators and local authority could conclude a voluntary partnership agreement which includes maximum fare provisions which would act as a cap on prices. Second, if operators appear to be cashing in (say relative to price increases on other routes), the authority could 'decertify the agreement, which would then subject the operating coordination to the full rigours of competition law. Third, if operators raise fares too high, they may attract further competition from a non-participating operator.

In addition, the authority could make a statutory ticketing scheme requiring the operators to offer multi-operator tickets in accordance with that legislation.

In conclusion, I believe that bus operators should consider making use of qualifying agreements to offer a better overall service to bus users. So long as the overall service is demonstrably better for users and the environment, local authorities should be comfortable in certifying them. This is not to suggest that such a process will always be easy as it can require a significant change in approach to an individual operator's market.

I guess there will be three general responses to this article: (i) "he's off with the fairies, it'll never work", (ii) "we are already doing this", or (iii) "there's something in this, let's look at it further". I hope the consequences of this piece will be to encourage more qualifying agreements to be put in place.

Tony Walmsley is a Principal Consultant with Steer Davies Gleave based in its Leeds office. He looks after the bus market at SDG. He joined the National Bus Company in 1982 and held various management positions over the following 16 years before becoming a consultant.

The Local Transport Act 2008

This introduced, in England, the partnership tools and agreements.

A voluntary partnership agreement (VPA) is defined as a voluntary agreement under which:

- A local transport authority undertakes to provide particular facilities, or to do anything else, for the purpose of bringing benefits to people using local bus services, and
- One or more operators undertake to provide services of a particular standard.

A VPA is a quid pro quo agreement which can cover a wide range of changes and improvements to bus services. Specifically excluded are any agreement on fares or any agreement to prevent other operators from using facilities covered by the agreement.

A quality partnership scheme (QPS) is a statutory scheme by which one or more local transport authorities provides specific facilities and requires that all bus operators using those facilities run their services to required standards. It is not in itself an agreement, though it may be supported by agreements.

A qualifying agreement (QA) is an agreement between bus operators only, which restricts or distorts competition in the authority's area, but the authority certifies that it in its opinion the agreement is in the interests of people using local services and "does not impose on the undertakings concerned restrictions that are not indispensable to the attainment of the bus improvement objectives".

By virtue of the local authority certifying the agreement, it qualifies for a reduced level competition test.

A quality contract scheme (QCS) has the effect of suspending the deregulated market. It enables the local transport authority to specify all the routes on which it wants buses to run, and as many details as it wishes regarding the timetables, fares and ticketing arrangements for those services. A quality contract does not remove competition from the market: the market moves to competition for tenders for routes or groups of routes within the quality contract area.

> **The critical flaw is that the Office of Fair Trading has regarded inter-bus competition as much more relevant than bus/car competition**

Community rail faces uncertain future

Community rail partnerships have increased passenger numbers and revenue on the lines they operate. But they are threatened by cuts in local authority spending, says **Paul Salveson**

Community Rail has been one of the railway industry's success stories in the last 15 years. Where the approach has been applied to regional lines, passenger numbers have grown substantially and external investment has flowed in. A DfT-sponsored study, commissioned by the Association of Community Rail Partnerships, found that CRPs represented very good value for money, bringing an average annual increase of 2% in both passengers and revenue to their routes (see The Value of Community Rail Partnerships, ACoRP, 2009).

A typical CRP is funded roughly equally between the train operator and local authorities. This enables the CRP to employ an officer, sometimes with administrative back-up, and to undertake promotional activities. The structure of CRPs varies, with many constituted as not-for-profit companies and some as more informal bodies hosted by a local authority, which acts as employer for the staff. Most CRP officers are skilled in pulling in additional funding for specific projects, money which the railway industry would mostly be unable to access.

So far so good, but a real threat is hanging over many community rail partnerships and it's coming from two directions. The biggest threat is local government funding, though belt-tightening by train operators is also a concern.

We're not talking big money here. A typical CRP annual budget would be around the £60,000 mark. In two cases recently, county councils have withdrawn funding altogether and some are considering significantly reducing their contributions.

One local authority which hosts a community rail partnership has given notice that it is no longer able to continue the arrangement. In other parts of the country CRPs are holding their breath while authorities review their budgets. Many are expecting some level of cuts; CRP funding is discretionary and an easy target when hard choices have to be made.

Train operators are not facing quite the same pressures as local authorities, but several operators are looking to either flat-line or slightly reduce their CRP contributions. Nobody is rushing in to make up the difference from the loss of local government funding.

So where does that leave the community rail movement? It ought to have a lot going for it. The approach dovetails perfectly with the Government's "Big Society" agenda, and ACoRP is running a conference on "Big Society = Community Rail" in March (see www.acorp.uk.com). But like many voluntary sector organisations, the difficulties of translating the Big Society rhetoric into core revenue support is proving a huge challenge.

Some partnerships generate revenue from other sources. The Esk Valley Railway Development Company does station audits for the local authorities which top up the grant funding from the train operator and North Yorkshire County Council. The Penistone Line Partnership organises its ever-popular music trains and generates a modest surplus on beer sales. In neither case is this enough to even part-fund paid staff.

Spending a lot of effort in generating relatively small amounts of revenue can be counter-productive and risks diverting a CRP from its core work of promoting and developing the railway and involving local communities.

There isn't an easy solution and much depends on local circumstances – and local politics. Community rail partnerships have made a huge contribution to the viability of local lines, many of whose future looked distinctly shaky in the mid-1990s.

A CRP helps to maintain and increase use of local railways, contributing to train operators' bottom lines and local authority aspirations to reduce car dependence, promote social inclusion and deliver other non-transport benefits such as reducing anti-social behaviour. CRPs need to capitalise on their achievements and influence their key funders' thinking on priorities. They have to make themselves indispensable and high profile.

Some are already good at that, others have some catching up to do. It isn't about mounting pickets outside County Hall – it's about persuading local politicians that community rail is of real benefit to local communities and their loss would adversely affect not only transport, but environmental sustainability, regeneration and social inclusion. Getting the local MP on side will help.

The role of central government is vital. The Department for Transport does not directly fund local CRPs, though it does provide sponsorship to ACoRP. In the past it has ensured that support for CRPs is built into franchise specifications. Nothing focuses a TOC's mind so much as a clear and binding franchise requirement, and this has proved indispensable in ensuring continuing support for community rail across the country. So it is really important that community rail support continues to feature in the next round of franchise specifications.

'The community rail approach dovetails perfectly with the Government's 'Big Society' agenda'

Probably the most realistic hope for CRPs in the next two years is that they can survive with less. A paid officer is vital to the continuity and stability of any effective not-for-profit organisation, including a CRP. But they should not be expected to do everything and there is scope to involve more volunteers.

The Penistone Line Partnership no longer has its own staff, but gets support from the South Pennines Rail Partnership whose officer is only part-time. The PLP manages to organise a busy programme of guided walks, music trains and other promotional events entirely staffed by volunteers. Across the UK, ACoRP has estimated that volunteers on the rail network contribute the equivalent of £27m each year (The Value of Volunteering, ACoRP, 2009).

It's tempting to encourage blue sky thinking and suggest radical departures for CRPs which help them find that Holy Grail of self-funding viability. After over 15 years' involvement in community rail I've given up on finding it. So forget gimmicks and stick to the knitting.

If they are to survive CRPs need the combined support of the train operator and local authority, with more use of volunteers to back up and complement the paid staff. And they need DfT support in the franchising process. There may be money out there for specific projects but the real value of a CRP lies in the continuing day-to-day job of promoting the local railway in the communities it serves. And no-one can dispute that they're extremely good at doing that.

Dr Paul Salveson FCILT MBE initiated the community rail concept in the early 1990s and was general manager of the Association of Community Rail Partnerships from its inception in 1997 up to joining Northern Rail in 2005 as Head of Government and Community Strategies. He now runs his own consultancy as The Railway Doctor – see www.paulsalveson.org.uk

Clockwise from main picture: Carlisle hosted the annual Community Rail Festival in 2009; the East Lancashire CRP promotes the Preston-Colne via Accrington route, also used by through services from Blackpool to York; Slaithwaite is served by local services in the South Pennines CRP area; a Northern class 158 leaves Accrington bound for York

Hendy nominated president of Chartered Institute of Logistics

Peter Hendy

Transport for London Commissioner **Peter Hendy** has been nominated president-elect of the Chartered Institute of Logistics & Transport. He will take over the role of president from **Sir Moir Lockhead** on 20 May.

Mr Hendy was appointed commissioner in 2006, having previously served as TfL's managing director of surface transport. He is a fellow of the CILT and has been a vice-president since 2008. Until last year he was chair of the Commission for Integrated Transport, and he is also a fellow of the Institute of Highways & Transportation.

Sir Moir Lockhead said: "Peter Hendy is a past winner of the Institute's annual Sir Robert Lawrence Award for an individual who has made a sustained contribution to logistics and transport, and I am extremely pleased that the presidency will be in such excellent hands when I leave the role."

In a surprise move, Crossrail chief executive **Rob Holden** has decided to step down from his current role and will leave later this year.

Mr Holden joined Crossrail from London & Continental Railways in April 2009, having overseen the successful completion of High Speed 1.

He said: "I am proud to have led the Crossrail team over the past two years, and to have seen the project receive an unequivocal green light from Government in the recent comprehensive spending review. With the project moving into its construction phase, Crossrail needs a chief executive who can commit to lead right through to opening in 2018.

The exact date of Mr Holden's departure has yet to be finalised.

Alan Cook has been appointed the first ever non-executive chairman of the Highways Agency board.

The new post has been established to ensure greater efficiency at the agency and to provide independent advice to the transport secretary, Philip Hammond.

Mr Cook has held senior positions in both the private and public sectors. He is a non-executive board member at the Department for Transport and a non-executive director of the Financial Ombudsman Service and the Office of Fair Trading. Mr Cook was formerly managing director of the Post Office, chief executive of National Savings & Investments and chief operating officer of Prudential.

Philip Hammond said: "As part of the spending review settlement, which saw a relatively generous capital allocation for Highways Agency projects, the Highways Agency has agreed to meet some very tough targets for efficiency improvements. Alan Cook's experience as a board member of the Department for Transport and his extensive experience elsewhere make him well placed to support the Highways Agency as it implements the changes required to deliver the agreed efficiencies during the spending review period."

Mr Cook will agree the HA's performance measures for 2011-12 and the terms of reference for the independent review to determine whether the Government has the most appropriate approach to the operation, maintenance and enhancement of the strategic roads network.

His initial appointment will be for 12 months.

Geoff Inskip, chief executive of Centro, has been appointed as the new chair of PTEG, taking over the role from Neil Scales. Mr Inskip paid tribute to the hard work and leadership of his predecessor, which he said had kept PTEG at the heart of the urban transport debate.

Mr Inskip called for greater investment in local rail networks in order to help boost the economic vitality of the country's major cities. "The Government has recognised that transport is key to the economic future of the city regions and at the same time they have made it clear that they are looking at new ways of devolving responsibilities for local transport. We believe that PTEs are well placed to deliver on these linked agendas."

Geoff Inskip

FirstGroup has appointed **Giles Fearnley** managing director of its UK Bus division.

Mr Fearnley has a strong track record in both bus and rail. He led the management buyout of bus operator Blazefield Holdings in 1991 and remained as chief executive for two years after its sale to Transdev in 2006. He was a founder of Prism Rail, which operated four passenger rail franchises in the UK, and served as chairman of Grand Central, the open access operator.

His role of chairman of the Confederation of Passenger Transport will be taken by Wellglade deputy chairman and past CPT president, **Ian Morgan**. Incumbent CPT president **Steve Whiteway** has been invited to continue in that role for a further year.

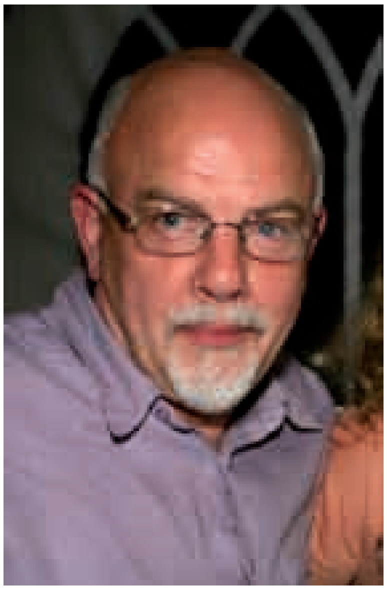
National Express train operator c2c Rail has announced that **Kevin Frazer** has been appointed operations director. In this board-level role he will be responsible for all aspects of the company's train operations including service delivery, operational safety, train planning & performance and operations standards.

Tom Smith has been appointed as the independent chairman of the Association of Train Operating Companies, subject to formal ratification by ATOC Council. He has been interim chairman of ATOC since June 2009. Mr Smith will be working for ATOC for two days a week, leaving his post as managing director for rail development at the Go-Ahead Group at the end of 2010.

The Rail Freight Group has appointed **David Spaven** as its new Scotland representative. Mr Spaven has a wide breadth of transport experience – as a rail freight marketing manager, a multi-modal freight consultant, and a sustainable transport campaigner. He has worked in consultancy in the rail and intermodal sectors since 1995, following an 18-year management career with British Rail. Since 2004, his Edinburgh-based Deltix Transport Consulting business has been providing advice on freight modal shift to manufacturers, processors, logistics companies, local authorities and development agencies across Scotland, Wales and England.

He takes over the role from **Bill Ure**, who has held the position for five years.

David Spaven



media partner **transporttimes**

Can Rail Win its Case?

Getting Value for Money from the Railways

One Day Conference, 12 May 2011, Central London

Confirmed Keynote Speaker: Rt Hon Philip Hammond MP, Secretary of State for Transport

The Transport Secretary has said that making UK rail "fit for the future and affordable for passengers and taxpayers" is the "number one challenge" facing the department.

There's no question that rail was the big winner for transport in the recent spending review – after allowing for rail net income, the rail capital budget will increase by 23% in cash terms over the next four years. Crossrail and the High Speed Rail programmes have been fully protected. However, rail is not off the hook. The Government still views UK rail as hugely costly and inefficient and wants reform. Sir Roy McNulty's review in to these 'unsustainable' costs will be submitted to the Secretary of State at the end of March.

So as ever, the only constant for the railways is change. The structure of the whole industry; how franchises are let; and the way the train operators and Network Rail work are back under the microscope.

Our top level one-day event brings together all the big players to discuss these critical issues that will re-shape the future of the industry.

Key issues for debate:

- Can UK rail ever represent value for money?
- What can we learn from Europe about keeping rail costs down?
- Are there any barriers to robust rail regulation?
- What is the best structure for the UK rail industry?
- What are the right sort of incentives for operators?
- How can we encourage private investment in UK rail?

Confirmed Speakers include:

- **Sir Roy McNulty**
- **Bill Emery,** Chief Executive, ORR
- **Michael Roberts**, Chief Executive, ATOC
- **Anton Valk,** Chief Executive, Abellio
- **Adrian Shooter,** Managing Director, Chiltern Railways
- **Geoff Inskip,** Chair, Pteg
- **Anthony Smith,** Chair, Passenger Focus

BOOK YOUR PLACE NOW at **www.transporttimesevents.co.uk**
or call **0207 828 3804**