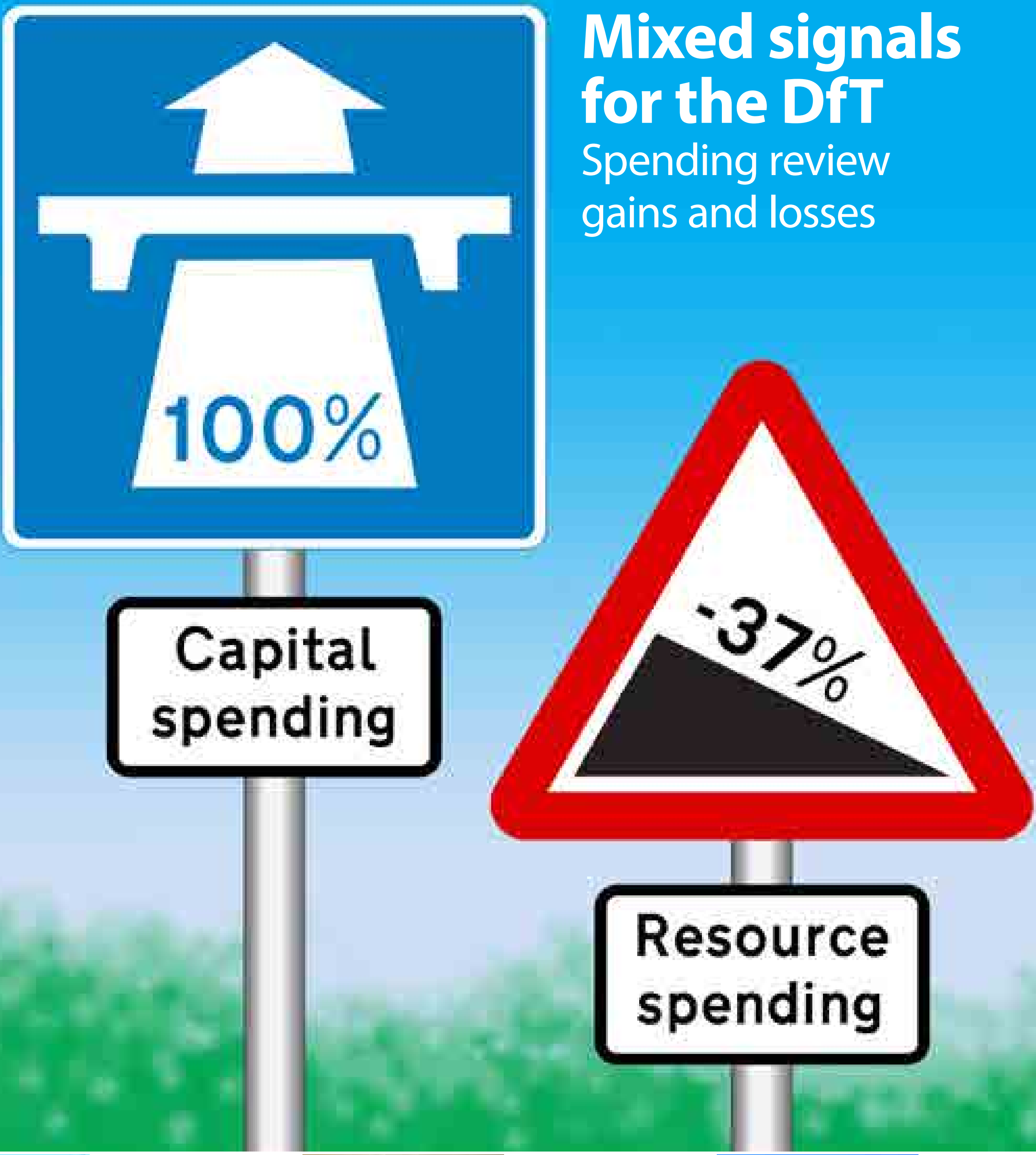
transporttimes

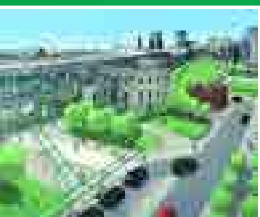
The home of transport insight and opinion

December 2015

Mixed signals for the DfT

Spending review gains and losses





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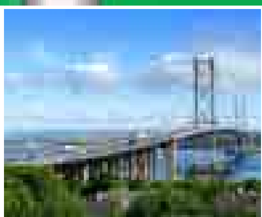

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Publisher David Begg
Email david.begg@transporttimes.co.uk

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

Advertising

Sales Director Isabel Poulton
Email isabel.poulton@transporttimes.co.uk

Tel 01236 739577

Printer

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Uncertainty shrouds the close of the year

There was much to be welcomed for transport in the spending review two weeks ago. But as 2015 draws to a close a great deal of uncertainty surrounds many areas of the sector.

First, the good news. The spending review reaffirmed the Government's commitment to transport investment, including the road and rail investment strategies and HS2. Transport capital spending will double over the next five years. The acceleration of HS2 to Crewe was confirmed. There was more progress towards establishing Transport for the North. Sir Peter Hendy's review of Network Rail's programme of upgrade work managed the remarkable feat of not cancelling any infrastructure project.

Bus service operators grant, which many were concerned was in the firing line, was saved by a concerted campaign by the Campaign for Better Transport, Greener Journeys and others.

But under the surface there is less good news.

First, the DfT's day-to-day resource spending will be cut by 37% over the review period. This will come from "efficiencies" in the department and its agencies, a reduction in the level of rail subsidies, and a large chunk from phasing out Transport for London's resource grant.

TfL will be in the unique position for such an organisation of having to meet day-to-day running costs from its own income. This raises the question of whether TfL can bridge the gap by increasing income from sources such as property, or whether some of its customer and information services will suffer.

Second, some observers are questioning whether the cuts will affect the ability of the DfT's core staff to manage its programmes effectively.

The reprieve of BSOG is welcome, but bus services will face another hit from cuts to

> **Nicola Shaw promises a comprehensive review of the structure of Network Rail**

local authority funding, including the phasing out of revenue support grant, representing 25% of local authority income.

The CBT warned of dangers ahead in its report *Buses in Crisis* just before the review. But it warns that local spending on such things as cycle routes, safer routes to school and traffic management will also be hit as authorities retreat to providing only core services.

As mentioned, Sir Peter Hendy's review achieved the feat of preserving the rail investment programme more or less intact. Some renewals have been postponed, but nothing has been cancelled; this has been made possible by finding only an extra £2.5bn, £1.8bn from asset sales and an increase in borrowing of £700m.

But it was already known that the completion of the Midland main line and trans-Pennine electrification projects would be delayed. Many other projects are likely to be delayed, as will become clearer when Network Rail publishes a more detailed implementation plan. In particular, completion of Great Western electrification to Cardiff will be delayed at least till 2019. This will have implications for the introduction of the new Intercity Express fleet.

Further uncertainty emerges from the other reviews covering different aspects of Network Rail and its performance by Dame Colette Bowe and Nicola Shaw.

Colette Bowe agreed with Sir Peter Hendy that the cause of the slippage in the rail programme was that the planning framework, which had appeared to work well in the 2009-14 control period, proved inadequate for the more complex projects in the current five-year plan. And the mechanism for dealing with unexpected cost increases – Network Rail's ability to borrow cheaply – had disappeared when it was reclassified as a public company. Her review calls for another review, of the role of the Office of Rail and Road, which signed off Network Rail's plans.

Meanwhile the "scoping document" published by HS1 chief executive Nicola Shaw invites participation in what promises to be a comprehensive review of the structure of Network Rail and how it interacts with the Government and regulator.

Finally, runway capacity. As *TT* went to press this week, it appeared that, after three years of weighing the evidence by the Airports Commission and a further six months' consideration by a cabinet committee, the decision expected by the end of the year would be deferred. This is to allow further studies or assurances about the compatibility of expansion at Heathrow with environmental and noise limits. The decision could be pushed six months further down the line.

Overall, 2015 was a successful year for transport. But though there is much to be optimistic about in the coming year, aviation, buses and rail face an uncertain start to 2016.

David Fowler, editor
Transport Times

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We wish all our readers the season's greetings and a restful holiday. The next issue of *Transport Times* will be published on 29th January

Media partners transportimes PASSENGER TRANSPORT

UK BUS SUMMIT 2016

greener journeys

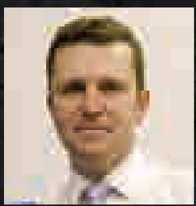
The second annual UK Bus Summit will be held in London at the QEII Centre, Westminster on 11th February 2016 and once again is supported by the Department for Transport.

As before, it aims to bring together operators, local authorities and the bus supply industry to encourage the industry to work together to stimulate patronage growth, and to raise awareness of the role the bus can play in stimulating the economy, getting people to work, reducing emissions, providing access for the elderly and tackling inequality.

Keynote Speaker:
Andrew Jones MP
Transport Minister

Confirmed Speakers

Derek Mackay MSP
Scottish Transport Minister



David Brown
Chief Executive,
Transport for the North

Dr Jon Lamonte,
Chief Executive, Transport for Greater Manchester

Leon Daniels,
Managing Director – Surface Transport, Transport for London

Additional confirmed speakers include:

George Ferguson CBE, Mayor of Bristol
Martin Griffiths, Chief Executive, Stagecoach
Giles Fearnley, Managing Director – UK Bus, FirstGroup Plc
David Brown, Chief Executive, Go-Ahead Group Plc
Kevin O'Connor, Managing Director – UK Bus, Arriva
Nick Forbes, Leader, Newcastle City Council
Prof David Begg, Chief Executive, Transport Times
Anthony Smith, Chief Executive, Transport Focus
Claire Haigh, Chief Executive, Greener Journeys
David Young, Interim Director General, SYPTE
Andy Eastlake, Managing Director, Low CVP
Ken Scott, Group Engineering Director, Alexander Dennis Limited
Neill Birch, Director – Public Transport Operations, Systra
Hilary Chipping, Acting Chief Executive, South East Midlands LEP
Alastair Munro, Engineering Director, Optare

11TH FEBRUARY 2016

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Spending review favours large proje

Government capital expenditure on transport will reach £61bn during this parliament. DfT investment will double from £6.1bn this year to £12.4bn in 2020-21, but day to day "resource" spending will fall by 37% from £2.1bn to £1.8bn over the next four years. Transport for London's revenue grant will be phased out entirely by 2019-20.

This is the settlement from the 2015 spending review, unveiled by the chancellor George Osborne two weeks ago.

Overall in this parliament the Government will invest £120bn in infrastructure, an increase of £12bn since the plans announced in this year's summer Budget.

A National Infrastructure Delivery Plan will be published next spring, setting out detailed programmes for key projects over the next five years. The £40bn UK Guarantees Scheme will be extended to March 2021, to continue to encourage private investment in infrastructure projects.

The DfT investment budget will total £46.7bn, including on HS2 and the £13.4bn Roads Investment Strategy, support for which was confirmed by the chancellor.

Construction on HS2 is due to start in 2017 and the spending review confirmed a new budget, increased in line with inflation, of £55.7bn at 2015 prices. This covers both phase one, from London to Birmingham by 2026, and phase two to Leeds and Manchester by 2033.

The Government also confirmed its continued investment in the Network Rail upgrade programme following the report by Network Rail chair Sir Peter Hendy (page 9).

The Roads Investment Strategy will cover resurfacing 80% of the network, with construction of over 1,300 additional lane-miles. In addition the spending review provides £250m over five years to repair potholes, in addition to over £5m of general road maintenance funding.

Regulated rail fares will be frozen at the RPI measure of inflation for this parliament.

The chancellor announced a £475m fund over the next five years for large local transport projects. Local authorities and LEPs will be invited to bid for funding for projects that they would be unable to fund themselves. Candidates could include the Lowestoft third river crossing, the North Devon link road and the A391 in Cornwall.

DfT investment will double to £12.4bn in five years' time, but resource spending will fall by 37%

In addition a Transport Development Fund, worth £300m over the next five years, has been set up and is intended to provide development funding for the next generation of transport projects, such as Crossrail 2 and proposals from the forthcoming Northern transport strategy, following advice from the National Infrastructure Commission.

> **The DfT anticipates reduced rail subsidies**

There will be £13bn of transport spending for the north of England in support of the Northern Powerhouse initiative. Transport for the North will receive £150m towards the intro-

ect investment over local spending

duction of smart and integrated ticketing. TfN will produce a regional implementation plan for this, working with the DfT, by the Budget in March 2016.

Funding for TfN's operations has been increased to £50m over this parliament, as it develops its strategy for improving connec-

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Vital investment secured

Mike Brown, transport commissioner for London

London is booming, with its population at a record 8.6 million today and set to grow to 10 million by 2030. That's equivalent to a full bus load every two days, or two full Tube trains a week.

Transport for London's role is to keep London working, growing and to make life in London better. So we must harness that extraordinary potential by providing the transport improvements the capital needs, supporting new jobs, homes and economic growth – not just in London but across the UK.

That's why mayor Boris Johnson and I welcome the outcome of the Government's spending review, which reaffirmed its commitment to London's transport infrastructure with an £11bn capital funding settle-

ment for TfL to 2020-21. We will now get on with the modernisation of the Tube, our unprecedented Road Modernisation Plan, further improvements to our rail networks and Crossrail.

We also welcome the news that Crossrail 2 will be considered by the new National Infrastructure Commission and the new £300m Transport Development Fund, designed to take forward such projects of national importance.

We must continue to take tough decisions to improve efficiency, for both farepayers and taxpayers. However, through sustained investment and the continuing efficiency improvements which have already taken 15% out of our cost base, from 2019 we will be the only major European city transport network to cover our day-to-day operational costs from fares and other self-generated revenue.

From this point, all Government grant – or the business rate revenue that may ultimately replace it – will be directed towards investment in transport infrastructure, enabling London to continue to make a massive contribution to the UK economy.

Welcome commitment to roads strategy

Steve Gooding, Director, RAC Foundation

Motorists will welcome the fact that the chancellor has held fast to the commitments to fund the Road Investment Strategy and to the capital support for the maintenance of local highways over the next five years. The extra £50m annually for road maintenance won't clear the pothole backlog, which the government itself puts at £8.6bn, but any additional money is welcome if it is targeted wisely. Now it's down to Jim O'Sullivan and the Highways England team and local government to liaise effectively to minimise disruption while the work gets done.

With air quality front of mind it is no surprise to see the abolition of the diesel surcharge on company car tax delayed. By the same token we had also called for the retention of

grant incentives to promote ultra-low emission vehicles – another sensible move.

After the chaos in Kent this summer when Operation Stack was repeatedly invoked it's a relief to see £250m allocated to implement a properly-designed solution in place of mile after mile of trucks parked on the motorway, queuing for one of our most important ports.

The UK's 37 million drivers will be relieved that the chancellor did not hike fuel duty rates, when he already receives 70% of the pump price in tax, but cautious in the absence of any commitment on future years. Mr Osborne is keen on long-term plans for investment: perhaps he could twin them with a long-term fuel duty freeze next time he stands up in Parliament.

Pain for TfL

David Leam
Infrastructure Director, London First

This was a spending settlement to which Transport for London acquiesced, rather than agreed. Gain on its capital investment programme was accompanied by short-term pain, through falling resource grants, with battles on spending priorities post-2020 postponed for another day.

Good news came in the form of continued support for TfL's investment programme through to 2020. The £11bn deal will allow TfL to continue to modernise and improve London's Tube, rail and road networks. Pressure now falls on the mayor and mayoral candidates – as well as TfL – to translate this headline deal into a firm programme for the new signalling, trains and station improvements London needs – along with road improvements, too.

Tougher news was the Government's decision to phase out TfL resource grants by 2018/19. This currently represents 6% of TfL's annual budget, so it will require the organisation to become both more efficient and more commercial. This could come though TfL making better use of its land and property holdings to support additional housing and retail, but may also require some difficult prioritisation of projects.

Cities across the country will welcome the announcement of a new £300m Transport Development Fund over the next five years, for the next generation of transport infrastructure projects. Crossrail 2 is one prime candidate – but will have to jostle for funds with other potential projects around the country, such as rail schemes for the northern powerhouse.

All eyes now turn to the Budget – and crucially the recommendations due from Lord Adonis and the new National Infrastructure Commission.

from page 7

tions between the major cities of the north of England, with the aim of boosting economic growth.

There will also be £7bn for a regional air connectivity fund to support new domestic and international air routes which stimulate jobs and growth.

The Government intends to spend £600m over the next five years to encourage the manufacture and uptake of ultra-low emission vehicles. One in four electric vehicles in Europe are built in the UK.

Another £300m has been committed to cycling investment, including the £114m Cycle Ambition City scheme.

For buses, concerted campaigning by transport pressure groups managed to save bus service operators' grant.

The DfT's resource budget reduction of 37% is intended to be achieved through "substantial savings" through increased efficiency in both the department itself and agencies such as the DVLA. The DfT also anticipates reduced subsidies to rail franchises, and savings through "continued improvements to ticketing technology".

TfL's resource grant will be phased out, representing 6% of TfL's annual budget, but the Government will support over £11bn of investment in London transport. It is anticipated that the grant reduction, worth £700m by 2019, will be achieved through further efficiency savings by TfL, or through generating additional income from the 2,200ha of land TfL owns in London. The government will give TfL "additional financial flexibility, and over time will consider transferring the funding for the TfL capital grant as part of the business rate retention reforms", said the Treasury.

However, local transport services will take a second hit from cuts in local authority expenditure.

The Local Government Association calculated the cut to local government grant funding as £4.1bn or 24% in real terms over the spending review period. The revenue support grant, which represents around a quarter of local government total resources, will be phased out.

This will force councils to focus on basic services and will hit bus subsidies and such things as safer routes to school. Greener Journeys chief executive Claire Haigh welcomed the reprieve of BSOG but added: "The deep and widespread cuts to local authority funding mean that bus services may still be under threat. Buses provide a crucial service in keeping people connected to their families, jobs, communities and training opportunities, so it is vital that wider bus funding is also protected over the course of the next parliament."

Everyday transport loses out

Stephen Joseph, chief executive, Campaign for Better Transport

The spending review could have been a lot worse for transport. Much of the headline "37% cut" in resource funding is smoke and mirrors around rail franchise income and risk. There is serious investment in railways and a commitment to smartcards and flexible tickets for part time workers. Campaigning by us and others saved the bus service operators grant. Some funding will still go into cycling and the Local Sustainable Transport Fund.

But the real story of the review was the return of really large-scale roadbuilding and the triumph of the "*grands projets*", which is where the big money is now going. In the cities, devolution will see more emphasis on public transport and cycling, but for many more rural areas there will be incentives and money to go for big roads but no funding for high quality cycle networks, or safe routes to school, or good bus services. And the extra cuts in local authority budgets will mean that local transport will lose out further. Councils like Somerset and Lancashire have already signalled a move towards basic services only. Bus subsidies will go completely. Road maintenance will be focused on key routes and will often be patch and mend. Traffic management – except that funded through parking fees and fines – will go.

This whole approach junks decades of evidence that big roads don't solve traffic problems or help the economy. Instead they generate extra traffic and congestion, and so worsen air pollution and add to climate change, at a time when the UK is already struggling to meet air quality standards. This roads revival will create places where people won't want to live, work or invest.

But there's another problem – this approach won't work politically. The public won't thank the chancellor and the *grands projets* tendency for funding big roads. What they'll see is that the rest of the road network in the towns and the countryside around them will have more potholes and fewer buses. Failings in everyday transport will come back to bite the Government.

The spending review could have been a lot worse for transport – but the priority for big roads over smaller packages is not something to celebrate.

Network Rail upgrade programme survives intact

Most of Network Rail's upgrade programme planned for the period 2014-19 can still be achieved. An extra £1.8bn from asset sales and the ability to borrow another £0.7bn will allow most of the planned work to continue. Completion of some projects will be delayed to the next investment control period (2019-24) but nothing has been cancelled.

This is the outcome of the Hendy review of Network Rail's investment programme, published at the same time as the spending review. In a separate report published simultaneously Dame Colette Bowe makes numerous recommendations on how Network Rail's planning and estimating processes could be improved.

In June this year Transport Secretary Patrick McLoughlin "paused" two major electrification projects after cost overruns and timetable slippage came to light on the Great Western main line electrification project. He appointed Sir Peter Hendy chair of Network Rail and asked him to report on how the upgrade programme should be re-phased. He commissioned the Bowe review at the same time, as well as asking High Speed 1 chief executive Nicola Shaw to look into the structure of Network Rail. A scoping report seeking views from the rail industry to feed into the final Shaw report has also been published.

Sir Peter Hendy's report notes that when funding for the £11.5bn rail upgrade programme was finalised in October 2013 by the Office of Rail and Road, a "significant proportion" of the planned upgrade schemes were at an early stage of development. The ORR agreed a process for further review during the control period to agree updated cost estimates when the projects were further developed. But when Network Rail was reclassified as a public body in September 2014, its ability to borrow more, which had been "the historic means by which significant changes in expenditure on existing or new projects were funded", was restricted. Network Rail now borrows direct from the Government with a defined borrowing limit for the five-year period.

Hendy found that the majority of projects were on time and on budget. There were a small number "for which forecast cost estimates are significantly higher than originally assumed, particularly the electrification projects".

This was put down to inadequate planning and scope definition of a number of projects in their early phases, and poor cost estimating, particularly on electrification projects. Hendy points out the Network Rail has not carried out any electrification of significance for over 20 years.

Sir Peter says around 80% of the cost increases relate to five programmes, electrification schemes which were still in development when ORR concluded its review of 2014-19 plans.

Network Rail carried out a review of the cost and achievability of the upgrade programme, with estimates and completion dates updated for each element.

It looked into whether some of the upgrade projects should be delayed beyond the current investment period, taking into account whether costs had already been incurred and "the extent to which rolling stock and franchising commitments" had been made.

It also reviewed and updated its "core business plan". It concluded that its core business of maintaining and renewing the network could be managed within the CP5 borrowing limit thorough a reduction in renewals activity, which "Network Rail considers can be managed safely and will not create a backlog that cannot be caught up".

For the upgrade programme the company will address the funding shortfall by selling off around £1.8bn of "non-core assets". This includes property including retail units in stations, spare capacity on the telecoms network and non-core rail assets such as depots. The report says that Network Rail and the DfT recognise that this will reduce future income from property but that, given the importance of the upgrade programme, "this plan represents the best balance in delivering value for money".

In addition the DfT has agreed to increase Network Rail's borrowing limit by £700m.

This will allow "the vast majority" of projects committed to for 2014-19 to be completed, though some will now be completed later than originally planned, in some cases after 2019.

Work on the paused electrification schemes was re-started in September, with completion in 2022-23.

For the Great Western electrification project, electrification to Cardiff is planned to be completed by 2019 within an estimated total cost of £2.8bn (in 2012-13 prices). Electrification beyond Cardiff is expected to be completed in CP6.

Bowe and Shaw reports, page 10

Uncertainty for freight

John Smith, GB Railfreight managing director

Prior to the publication of the Hendy Review, there were widespread expectations that the rail freight industry would face £20m cuts to strategic rail freight upgrades. What wasn't clear was from which projects or programmes these cuts would come, or whether reduced funding would mean CP5 schemes extending into CP6. In the wake of Hendy's announcement, the only thing that is certain is this continuing uncertainty.

Network Rail has left the door open with regard to freight investment, with significant capacity schemes between Felixstowe and the West Midlands and at northern ports scheduled for delivery at any point during CP5 and CP6.

And this uncertainty around the strategic freight network comes at a time when the industry is at a crossroads – largely due to the effect of fluctuating global markets and the emergence of an authentically Conservative energy strategy.

In the last year we have seen the decline of both the steel and coal markets. This means, if we are to continue to take lorries off our roads, we need to look for growth opportunities in alternative core commodities, such as intermodal and aggregates, in order to support growth in secondary markets.

Nicola Shaw has recognised this. She seeks to develop a long-term strategy by looking beyond the immediate confines of the industry, taking account of wider economic needs and the impact of government policy outside transport, in order to support long-term growth and structural changes in the market. This is welcomed.

Both the secretary of state and Dame Colette Bowe have stated that the industry must work more closely with the Government to develop a long-term freight strategy. But, at a time when the very nature of rail's existence is under intense scrutiny, it is clear this cannot happen too quickly.

Planning processes 'could not cope with complexity' says Bowe

Dame Colette Bowe's report into the planning of Network Rail's 2014-19 programme identifies a number of issues which led to cost escalation and delays.

Planning processes which appeared to have worked successfully in the 2009-14 control period proved inadequate "in the face of the scale and complexity of the CP5 programme", particularly the scale of the electrification works.

The definition of organisation as responsibilities between the DfT, Network Rail and the ORR were unclear. The overall plans encompassed a complex portfolios of schemes, with poor scope definition from the outset. Changing internal structures and responsibilities at Network Rail obscured lines of accountability.

Compounding this was the change in Network Rail's classification, bringing it on to the Government's balance sheet. This "exposed a previous reliance by all parties on access to financing that was off government balance sheet as a means of managing financial overruns".

The report recommends that the role and responsibilities of the ORR in planning future upgrade programmes should be reviewed.

The governance and day-to-day management of the process for planning and overseeing rail investment should be strengthened between Network Rail and the department, with "more clearly signposted investment decision points, mutually understood opportunities for amending the programme of work, and a greater role for the department to prioritise schemes."

For major and complex projects, a "bespoke and integrated governance structure" should be considered.

Patrick McLoughlin accepted all the recommendations.

Manchester gets multi-operator bus smartcards

Multi-operator smartcard ticketing became a reality for millions of bus passengers in Greater Manchester last month. The new scheme, branded Get me there, is a collaboration between more than 30 bus operators and Transport for Greater Manchester through Greater Manchester Travelcards Ltd, the co-owned company behind the current printed System One multi-operator tickets.

The new tickets will be on average 10% cheaper than their printed equivalents, but will still sell at a premium to single operator tickets.

Adult and junior one-day, seven-day and 28-day passes will be available, providing unlimited bus travel on any bus in the scheme in the Greater Manchester area. Passengers will be able to load the new tickets on to a range of smartcards issued by bus operators, such as StagecoachSmart, and by TfGM, or any ITSO compatible card.

The scheme entailed a multi-million pound investment by the main bus operators and TfGM. TfGM funded smartcard readers for smaller operators' buses to allow them to participate.

The move follows a commitment last year by the main bus companies – of which Arriva, First and Stagecoach operate in Manchester – to introduce multi-operator smart ticketing to passengers throughout England during 2015. TfGM had made a commitment to work with bus operators after terminating its contract with Worldline for an integrated smart ticketing scheme in August.

Shaw seeks industry input

High Speed 1 chief executive Nicola Shaw has published a scoping document for her study into the future structure and financing of Network Rail. It is intended to define her investigations in detail and seeks broad engagement with the sector to develop recommendations.

The Shaw report was commissioned by the Government at the same time as the Hendy and Bowe reviews.

The scoping document says that the study will consider its subject from three different perspectives.

The customer perspective will consider who Network Rail's customers are, and how effectively the current organisational structure works for those customers. The devolution perspective will consider the question of the geographical organisation of Network Rail's operations, and whether this enables effective management of railway infrastructure, especially given the continuing move to more widespread political devolution. The growth perspective will approach the issue of Network Rail's structure by asking whether it works to allow effective planning and execution of improvements to rail infrastructure, with a view particularly on meeting growth projections and increasing capacity.

Ms Shaw, who will work closely with Network Rail chair Sir Peter Hendy, said: "This scoping report begins to bring to bear the different personal, financial, operational, managerial, political, engineering and other lenses that we individually and collectively have on this essential part of our national infrastructure. At the end of this work, I would like to be able to propose changes to Network Rail which will help Britain to develop economically and socially; which will meet growing customer needs better; and which will showcase a safe, cost efficient and innovative railway delivered in collaboration with highly skilled staff."

Inviting contributions from stakeholders, she said: "Only with the best brains on this will we find the right way forward for the UK rail industry."

Nicola Shaw, page 17

Crossrail train designs revealed

Transport for London and London mayor Boris Johnson have revealed the design of the new trains for Crossrail.

The Class 345 trains are being built by Bombardier Transportation in Derby and are based on the UK-designed Aventra platform. Each will provide space for 1,500 passengers in fully-interconnected carriages. At over 200m long they will be one and a half times as long as the longest Tube train. With regenerative braking they will use up to 30% less electricity. There will be a mixture of metro-style and bay seating, and free wi-fi will be available on the trains as well as at stations.

The interior design uses darker floors and natural finish materials which will "wear in", not wear out, says TfL. There will be four wheelchair spaces on each train.

The first trains will go into service on the Liverpool Street to Shenfield part of the Crossrail route from May 2017 in a seven-car formation.

Full-length nine-car trains will be introduced between Heathrow and Paddington from 2018.

New trains for the north

Long-suffering rail passengers in the north of England can expect 500 new carriages and 40,000 extra seats, as the DfT announced the award of the new Northern and TransPennine Express franchises to Arriva and FirstGroup respectively.

Arriva Rail North will run Northern – the second largest franchise in the UK – from next April until March 2025. Pacer trains will be withdrawn by the end of 2019 and there will be £400m investment in 281 new carriages, more than double the minimum specified in the invitation to tender.

There will be nearly a 40% increase in capacity on services into the five main commuter cities (Liverpool, Manchester, Leeds, Sheffield and Newcastle) during the morning peak.

First Trans Pennine Express will operate the intercity TransPennine Express franchise from April next year until March 2023. It will bring in 220 new carriages worth over £400m. It will introduce additional services for Scotland as well as doubling the number of Manchester-Newcastle services and running more trains to Hull from Manchester and Leeds.

Runway decision faces further delay

The Government provoked an angry reaction from the business community after it emerged that a decision on runway capacity in south-east England could be delayed by a further six months or more.

David Cameron had promised "a decision will be made by the end of the year" in July. This week the Government began briefing that it would only give "a clear direction" on Heathrow expansion this week.

CBI director-general Carolyn Fairbairn called on the Government to show "real leadership on expanding the UK's aviation capacity".

It was understood that the cabinet sub-committee set up to look at the issue would call for more time to look at the impact on air quality when it met this Thursday.

A delay of six months would move the decision after the London mayoral elections next May, in which airport expansion is likely to be a key issue.

The development follows the publication last week of a report from the Commons Environmental Audit Committee, which said the Government should not give final approval to Heathrow expansion "until the airport can demonstrate that it accepts and will comply with key environmental conditions".

The Airports Commission, chaired by Sir Howard Davies, unanimously backed a third runway at Heathrow, subject to a number of conditions on carbon emissions, air quality and noise.

The Environmental Audit Committee said the airport must demonstrate that it can reconcile expansion with legal air pollution limits, make a commitment to covering the cost of surface transport improvements and to introducing a ban on night flights, and show that the expanded airport would be less noisy than a two-runway Heathrow.

It called on the Government to set out, "before making the decision to go ahead, clear and binding responsibilities and milestones to ensure environmental standards are enforced".

On carbon emissions, the committee said it had found "a significant gap" between current government policies and the policies modelled by the Airports Commission to show expansion could be achieved within CO_2 limits set by the Committee on Climate Change.

On air quality, the Government should re-examine the commission's findings; progress on air quality "will depend to a large extent on how far a modal shift can be achieved, moving passengers from private road vehicles to public transport".

The MPs called on the Government to set up an independent Aviation Noise Authority and a community engagement board within a year, whether or not expansion goes ahead.

By delaying a decision until after the mayoral elections David Cameron could defuse the threat by Conservative mayoral candidate Zac Goldsmith to resign as MP for Richmond Park and North Kingston if Heathrow gets the go-ahead to expand. However he will still have to deal with current mayor Boris Johnson, who is expecting to be offered a cabinet post after his mayoralty ends.

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McLoughlin announces HS2 extension to Crewe

Artist's impression of an integrated Leeds station

High Speed 2 will be extended to Crewe with an opening date of 2027, six years earlier than originally planned, to bring benefits to the north of England sooner. Patrick McLoughlin accepted the recommendation made last year by Sir David Higgins' reports on HS2 in a written statement a week after the spending review announcement. "This will bring more capacity and faster HS2 services to the north-west of England including Crewe, Liverpool, Manchester and Scotland much sooner than originally planned," the Transport Secretary said.

This part of the project will be referred to as phase 2a. Powers to build the line will be sought through a new hybrid bill, to be introduced to Parliament in 2017.

Publication of details of the complete phase two route to Leeds and Manchester has been postponed to autumn next year. However Mr McLoughlin also announced the latest thinking on phase two stations.

He published Sir David Higgins' report on Leeds Station. This recommends "a properly integrated transport hub" with a common concourse, approached from the south, as opposed to the original proposal, which was "too detached from the existing station and too isolated from the city centre". Mr McLoughlin said he was "minded to agree with Sir David's proposal".

For South Yorkshire, the statement said that the evidence continued to suggest a station at Sheffield Meadowhall was likely to be the best way of serving the region. "However, we acknowledge there are arguments in favour of a city centre location and continue to examine relevant analysis," it adds.

Sir David Higgins also confirmed that HS2 Ltd recommends a station for the East Midlands at Toton, between Nottingham and Derby. East Midlands local authorities "are united behind this proposed location". Growth funding was provided in the spending review to allow the area to start planning for HS2.

Manchester Piccadilly continues to be the preferred location for HS2's Manchester terminus. Work on coordination with the east-west Northern Powerhouse rail plans will be undertaken with Transport for the North and the National Infrastructure Commission both here and at Meadowhall.

Mr McLoughlin said he had not made a decision on the Higgins recommendation for a Crewe hub, "but I do support the vision". He had also asked HS2 to explore options for serving Stoke-on-Trent and Macclesfield using "classic-compatible" trains.

The Transport Secretary said Scotland would gain from reduced journey times as soon as phase one of the line opened, reducing the London-Glasgow time to 3 hours 56 minutes, 35 minutes quicker than at present. Phase 2a would reduce this to 3 hours 43 minutes, and completion of the Y-network to 3 hours 36 minutes.

He added that the UK and Scottish governments were considering options to reduce journey times further and would make a statement in the New Year.

Lifetime contribution award for Centro's Inskip

Outgoing chief executive of Centro, Geoff Inskip, was presented with an Outstanding Lifetime Contribution to Transport award by *Transport Times* chief executive David Begg at a recent *TT* event.

Mr Inskip is stepping down at the end of the year after nine years in the role.

He became chief executive in October 2006 with the brief to develop transport solutions aimed at encouraging people out of their cars. During the past five years he is credited with being the driving force in setting up and getting the go-ahead for a £1.3bn transport package designed to underpin economic regeneration in the West Midlands.

Colleagues praised his track record of major transport regeneration and passenger service improvements in the West Midlands. Achievements under his leadership include the introduction of the West Midlands Swift smartcard, with over 2,000 buses equipped with smart ticketing equipment. Through partnership working with bus operators including National Express, he led the transformation of the bus network, which is showing improved performance and customer satisfaction. He helped secure a number of high profile public transport infrastructure schemes from central Government, including the remodelling of New Street Station, the Wolverhampton and Stourbridge interchanges, a new fleet of class 172 trains, and the Metro extensions programme.

After qualifying as a chartered accountant, Mr Inskip began his career as a management consultant before moving on to work for a merchant bank in Manchester. At Kleinwort Benson he was asked by GMPTE in 1988 to look at the private sector options for procuring Manchester's Metrolink tram system under a public-private partnership. He was commercial director during the successful completion of its first phase. In 1992 he was appointed director of finance at GMPTE.

In 1996 Mr Inskip became project director for phase 2 of

Metrolink, overseeing its completion on time and within budget in 1999. He was appointed deputy director general of GMPTE in 1999 with special responsibility for phase 3 of Metrolink.

Over the past six years Mr Inskip has chaired industry body UKTram and has made a significant contribution to getting trams back on to the Government's agenda.

Spending review sets seal on transport investment

George Osborne has increased infrastructure investment despite tight budget constraints, says **Lord Ahmad**

Five and a half years ago, in the early months of the coalition, we made a fundamental commitment to overhaul transport policy and put infrastructure investment at the heart of our plans for economic recovery.

We were not the first new government to make such a commitment. In fact the travelling public and the transport industry had heard it many times before. They could justifiably point to the 2010 World Economic Forum survey – which ranked the quality of Britain's roads as 35th in the world, our air transport infrastructure as 34th, and our railways as 19th – as proof that governments had over-promised and under-delivered on transport for decades.

But we had a different approach. First, our programme had the full support of the prime minister and the chancellor, both of whom see transport as integral to the country's long-term economic security. Second, the Department for Transport – which for a time disappeared as a separate ministry under Labour in the late 1990s – was redesignated as a front-line economic delivery department. And third, we would help pay for such an ambitious plan by tackling waste and growing the economy.

We made huge progress in the last parliament. As a result, in 2014/15, the World Economic Forum rated the UK 14th in the world for its overall transport infrastructure – twenty places up from 2010.

But May's general election gave us a fresh mandate to continue upgrading our transport network, and at the end of November, the full scale of our ambitions was unveiled by the chancellor in the spending review.

Overall, the Government will invest an unprecedented £61bn in transport during this parliament – that is a 50% increase on the last. We are renewing the railway, through Crossrail and Thameslink, and electrifying the trans-Pennine, Great Western and Midland main lines. We are ready to start building HS2 in 2017, and we are tripling investment in the strategic road network – all part of the most extensive roads upgrade since the 1970s. We're providing a £12bn injection for local transport, and we're devolving powers away from Whitehall and out to cities and regions so that councils and other local authorities can decide how that money should be spent.

These are immense sums of money, particularly at a time of continued budget constraints. It would have been much simpler to follow the pattern set by previous governments, and make savings by rolling back our transport

> **The Department for Transport was redesignated as a front line economic delivery department**

plans. But far from helping the country's finances, this would have harmed our recovery.

Investment in transport helps Britain in many different ways. For example, the 112 major road schemes Highways England will work on up to 2021 will provide an average benefit of £4 for every £1 invested. The money we're investing in ultra-low carbon vehicles means that a quarter of all European electric vehicles are being built in Britain. And the cycling revolution is already helping to improve people's health and reduce the burden on the NHS. So money spent carefully on transport is a real investment for the future.

What the chancellor has been able to do is deliver the required capital investment while fixing the UK's finances. We at the Department of Transport will contribute by reducing day-to-day resource spending by 37%. Savings have been achieved across transport, from reducing the subsidy paid to rail franchises as passenger numbers grow, to the launch of digital services by the DVLA, and the success of TfL which means its income will cover its costs by the end of the spending review period.

The spending review settlement is not just great news for transport users. It's also a major boost for the transport industry. It will help provide the capacity on roads and railways that freight operators and rail franchises need to expand their services. It will allow us to create 30,000 transport apprenticeships in roads and railways over the next five years. And it will help bring transport providers, businesses and local authorities together to agree strategies for their regions and cities.

All this activity guarantees a very busy schedule for DfT ministers. In the weeks and months ahead, we will set out our plans for the second phase of HS2, and publish our response to the Airports Commission's report. We will announce our skills strategy – something I'm passionate about. And in the New Year, the HS2 Bill goes through the hybrid bill committee and third reading, on to Royal Assent by the end of 2016.

Finally, Britain is getting the modern, efficient transport infrastructure it has needed for decades. In place of the patch and mend strategies that have stretched capacity on the network to its limits, the £61bn transport programme we will deliver over the next five years will transform services, bind the country together, and provide the space we need to grow and prosper.

Lord Ahmad of Wimbledon is Parliamentary Under Secretary of State for Transport

Treasury strategy is to make the user pay

The Government is willing to invest in transport infrastructure but not to support the running of services. But whether users are being charged at the right level is another question

In the Government's spending review the DfT copped the biggest percentage cut in non-capital (resource) expenditure (37%), but became the biggest department for capital spending (doubling from £6.1bn today to £12.4bn in 2020/21). In Treasury terms, this is a model outcome – even though DfT's resource expenditure is trivial alongside the big spending areas of health and education.

What this tells us, first of all, is that the idea of using scarce taxpayer funds to provide transport services is unpopular with the Government: it would rather provide the infrastructure needed to support a growing economy. Implicit in this proposition is a high degree of "user pays": if you want a transport service, you must pay its costs at the time of use.

So a key question is whether, across the transport modes, pricing and other measures are moving us closer to or further from a position where users pay at the right level (at long run marginal costs, as economists would have it).

As I pointed out in October, leaving aside the need for capital works for capacity building, the rail network is close to achieving break-even. Indeed, for some franchises, where the operating companies pay a premium to the Government rather than gain subsidies, rail users are in effect being taxed to travel (even after allowing for Network Grant).

A significant part of the DfT's 37% resource budget reduction reflects the expectation that, with rising demand, receipts from rail will continue to grow, so net running costs for the Government will fall. And the deal is that the Government steps up to the plate to fund the capital works that will allow continued demand growth on what is now a very congested network.

The motoring lobby may feel this is all long overdue, since the tax take from car users has been historically much higher than direct spending on roads. But this would be to overlook the substantial external costs that car use throws at the health and other sectors.

The best view is probably that, after such factors are taken into account, car users are getting a reasonable deal from the Exchequer. And that deal has certainly got a lot better during the tenure of the last government, when fuel duty rises were repeatedly cancelled, with fuel duty falling by 14%, a saving to motorists over the period of a cool £22.5bn.

None of this is reflected in the DfT budget, any more than was the question of fuel duty part of the debate concerning the autumn statement. But set alongside a major increase in the roads capital budget, the tax trajectory for road users that has been set, staying low even when oil production costs remain low, risks losing the rationale of road user pays, once external costs are taken on board. With a steadily expanding economy, as the chancellor foresees, and continuing low fuel prices, a gentle increase in fuel duty would make good sense. Maybe next time round?

> **Through peak pricing, the private sector will increasingly capture what many had dreamt would be for the public sector account**

Meanwhile the generation of economists who saw congestion charging as a better way to set price signals as well as a way to fund investment have largely given up the debate. And yet user charging, including with peak surcharges, is emerging: think Uber.

The market will pay more at peak times; capacity is in greater demand and operating costs are higher. As we know, Uber prices accordingly: peak pricing. The private sector will increasingly capture what many had dreamt would be for the public sector account.

The key change is away from private ownership of vehicles. The challenge for public sector infrastructure owners will be to see if a fair way can be devised to charge (that is to say, tax) the growing body of providers of road-based demand responsive transport, as privately-owned vehicles become less of a feature of urban life.

There are, of course, further implications from the big squeeze on DfT's non-capital budget. Its resource grant to TfL is to end. While London is much better placed than other cities to find alternative sources of finance, this will put pressure on activity areas where TfL has excelled. Its exceptional customer information services, for example, come at a cost – as do the city's much-envied bus services.

The incoming London mayor (almost certainly Sadiq Khan or Zac Goldsmith) will face a tougher challenge than he might have expected, and ambitions to cut or freeze fares, long resisted through the Peter Hendy years, will be even harder to achieve.

Throughout the country, levels of support for bus services are set to be reduced, based on plans set pre-budget. The Buses Bill, when it comes, may be applicable to a recently departed travel mode across much of rural England – and a pruned back and pricier facility in metropolitan areas.

Jim Steer is director and founder of Steer Davies Gleave.

HS2 should upgrade every aspect of rail travel

A Transport Focus panel set up to discover what people expect from high speed rail services reinforces the message: keep passengers at the heart of decisions

The autumn statement and spending review brought some good news for passengers. Users of the strategic road network were reassured that the five-year programme of investment will be maintained. Bus passengers heard that the grants provided to operators to help keep fares down would be maintained.

Rail passengers were relieved to hear that the big projects designed to relieve overcrowding and lead to more reliable journeys have been protected. However, the Hendy review, published on the same day, confirmed that many projects will face delays. New plans to sell off land and stations will fund some of the increased costs. Transport Focus has called on the industry to demonstrate that the new plans are robust and can be now be achieved, to help rebuild passengers' trust.

Looking ahead from the next few years to the medium-term future, Transport Focus has been thinking about what the railway of the future ought to be.

If you were going to create a train service from scratch, what would you want the railway to look and feel like? What type of service would you expect? Would it be the same but faster, or an opportunity to rethink transport?

HS2 has the potential to transform travel between our major cities and it seems as though everybody has an opinion on it. But such a transformation can only be achieved by really understanding the needs of passengers.

That's why Transport Focus, working with HS2 Ltd, set up a passenger panel in 2014.

Four themes emerged during the first year we ran it. The first was that the panel expected HS2 trains and services to be a source of pride for Great Britain, a national asset from which the whole country can benefit. One panel member told us: "HS2 should express its world class status with iconic, bold design – which will look good now and in the future."

Second, they said that a "personalised experience" was crucial. The panel felt that the rail industry in general could improve its customer service to match service levels of other sectors, such as retail and airlines. Passengers should be treated as valued customers who have needs beyond simply getting from A to B. HS2 should prioritise customer needs in designing its services.

The third wish was for value for money – a fundamental priority for all rail travel. There was a strong plea for affordable ticket pricing so that HS2 will truly be accessible for all.

> **The panel became such an invaluable resource that it's now halfway through its second year**

The final point was that passengers wanted the ability to plan their journey easily from door to door using a wide range of tools and technology. They want to be able to compare different forms of transport so they can choose the mode that suits them best for the next step of their journey. As well as technology, they also flagged up the need for staff on stations.

The panel was supposed to run for a year, but it became such an invaluable resource to the building of HS2 that it's now halfway through its second year, and it will carry on until 2016.

Already, discussions in the second year have covered aspects from design, communication and technology to platform doors, luggage, station design and accessibility.

Luggage is an especially hot topic for our panellists. Some favour an airline style check-in but others feel that this would add too much extra time to the journey. It's agreed that there should be a more generous luggage storing system on trains which is easily accessible and lockable.

Most of our panel's favourite ideas relate to tailoring the service to the customer. This includes things like carriages for different needs. Why not have a business carriage, a family carriage with a kids' area and a carriage for social groups and drinking?

Another idea is at-seat information on a screen, providing personalised information about your journey. Connections are a stress point, so the prospect of joined-up journeys using just one ticket is attractive.

But sometimes the best ideas are the simplest. Low-tech solutions such as platform markers to show where the train doors will be are also popular. And lots of people mentioned good quality food and drink on the train.

What we're finding at these sessions is that people see HS2 as an opportunity for the rail industry as a whole to take a step forward. They aren't just expecting a faster than usual train, they're expecting an upgrade to the whole experience of rail travel.

Anthony Smith is chief executive of Transport Focus.

You can read more about our HS2 passenger panel at www.transportfocus.org.uk/research/publications/high-speed-two-putting-the-passenger-at-the-heart-of-design

Rocky road to real world emissions testing

Reform of the European type approval system could be the solution to the vehicle emissions scandal. A Transport Select Committee inquiry will investigate

The Volkswagen emissions scandal involves 11 million diesel vehicles worldwide, of which 1.2 million are in the UK. Volkswagen has now also admitted that it understated carbon dioxide emissions and overstated fuel efficiency for 800,000 vehicles. This amounts to industrial scale deception. As consumer confidence in vehicle standards has fallen, so has the value of the affected vehicles. Overshadowing the impact the scandal has had on consumer confidence are more complex questions on the effect of NOx and CO_2 emissions on the environment and public health.

These separate problems could have a common solution – reform of the vehicle type approval system. Type approval is intended to certify that car production samples meet standards specified by rules set at EU and UN level. Vehicle emissions and fuel performance are tested against the New European Driving Cycle, which involves testing vehicles on a rolling road in lab conditions. During a Transport Select Committee evidence session on 12 October, representatives from Volkswagen, the automotive industry and the Department for Transport all agreed that the current system was no longer fit for its purpose.

The crux of the problem is that vehicle emissions detected in real-world conditions are significantly higher than those detected in the laboratory. In the US, which has stricter NOx limits than Europe, Volkswagen cars were found by the Environmental Protection Agency to be emitting up to 40 times as much NOx as was measured in test conditions. This was the result of illegal defeat devices which recognised when a vehicle was being tested.

The use of such software seems, at least for the moment, to be restricted to the Volkswagen Group. Nevertheless, independent research by Leeds University revealed that high NOx emissions from cars tested in the real world are common over a range of other car makers. That does not mean defeat devices have been used, but it does mean the NEDC is failing to detect emissions at anything like those occurring in normal driving conditions. According to the university, the latest generation of diesel cars emits on average five times the latest European limits.

What sort of test procedure should replace the NEDC? The Transport Committee has launched an inquiry to investigate this question. The EU is attempting to improve type approval by introducing "real-world" emissions testing, but its approach is questionable.

> **Approval has to be designed with the interests of motorists in mind, not those of the motor industry**

EU member states have supported draft rules that would introduce real-world emission tests from 2017. To prepare for that, diesel cars would be allowed to emit more than twice the current NOx limit up to 2020. After that, limits could be exceeded by 50%.

This would be the first time that European standards had been changed to raise an emission limit instead of lowering it. The move to real-world emissions testing is welcome, but has too much leeway been granted to car makers? On what evidence were these rules based? Is the EU's definition of a real-world emissions test sufficiently realistic?

The extent of lobbying from the car industry directed at ministers and the European Commission to water down emissions limits has been widely reported. Up until now the type approval system has had a clear role in driving improvements in safety, emissions, and performance. If consumers are to have any confidence in vehicle standards again, it has to be clear that type approval has been designed with the interests of motorists in mind and not those of the motor industry.

According to the International Council on Clean Transportation, NOx control technology to allow diesel vehicles to meet current European standards in real-world conditions already exists. This is clear from the fact that motor manufacturers are already able to build cars that pass the stricter rules in the US. Why can't they do the same for the European market?

In Europe, car makers need only receive type approval from one national testing agency for that decision to apply in all 28 member states. Critics believe that this arrangement allows manufacturers to select the most lenient testing regime for their own advantage.

That problem could be compounded by the agencies' funding structures. Often, as with the UK's Vehicle Certification Agency, regulators are funded by the fees they charge for testing vehicles. This has led to accusations that there is a conflict of interest. In response there are calls for the abolition of national regulators in favour of a single European agency responsible for all vehicle certification. Would this result in a more rigorous application of standards? How should such a body be funded?

Type Approval is a highly technical area of policy but with huge implications for both Europe's vehicle market and public health. Our inquiry hopes to hear from anyone with expertise or a view on this subject. In the coming months I will be questioning a wide range of experts so that our work can feed into the debate.

Louise Ellman MP is chair of the House of Commons Transport Select Committee and Labour MP for Liverpool Riverside.

What's the best structure for Network Rail?

How should we organise the railway so that it is safe, cost-efficient, innovative and ready to meet future challenges? **Nicola Shaw** explains how she is seeking to answer this question

Two days spent in Brussels talking to other European infrastructure managers last month has given me valuable insights into the parallel challenges facing our colleagues in other nations.

Our discussions brought to the surface a range of surprising questions, though surprising only in their familiarity: how can we run a busy rail network with punctual, quick trains? Why does it cost so much to build a new piece of rail infrastructure? Can politicians be persuaded to value maintenance and renewal as much as flagship projects? Are standardisation and localisation enemies of each other, and which is the more efficient? Indeed, which achieves better results for passengers and freight customers? What are the respective roles of the Government, of public bodies (such as regulators) and of railway professionals? Is the railway industry really so different from other sectors?

These are, of course, some of the perennial railway questions familiar to a home audience; on this occasion, each was raised by colleagues from other member states. Even the Swiss, for whom trains run on time so consistently that it has earned them a handsome global trade in railway watches, are currently disappointed with the punctuality of their rail system. The valuable lesson is that we are not alone here in the UK.

That doesn't make the questions any easier to address and resolve, of course, but it does put the work I am currently engaged on – preparing a report for the Government on the future structure and financing of Network Rail – into context. We have Europe's fastest growing and safest railway, which is also one of the most financially successful. The recent history of rail travel in Britain has been one of growth and expansion, but there is no room for complacency. The great opportunity for rail is perhaps also its greatest challenge.

In November I published a document setting out the scope of my work, primarily aimed at describing what Network Rail currently does, how it is organised internally to do those things, how it is governed and held to account and how it is funded. It also sets out what I think are the key questions which need to be addressed.

I am using three different perspectives to consider the issue of structure – the customer, devolution, and growth.

Network Rail has many customers and stakeholders: how do their needs translate into what Network Rail provides? How can Network Rail balance their conflicting priorities?

> **The recent history of rail travel in Britain has been one of growth, but there is no room for complacency**

Regarding devolution, how do the current political devolution and Network Rail's own organisational devolution into eight routes work together? And growth: with a doubling in passenger demand and around a 60% increase in freight traffic since the mid-1990s, and further growth of a similar magnitude expected over the next decade, can the railway be organised better to meet that challenge?

When looking at financing, it is essential to consider what has changed. Network Rail's work is funded by farepayers, freight operators and the taxpayer; however, it has historically been financed by borrowing from the capital markets against a future payment stream. It no longer has that borrowing freedom – so how, in this cash-constrained world, do we now finance the work required to meet that growth challenge?

My recommendations will cover the functions which Network Rail carries out and how it is organised to do that. But the success of whatever structure I recommend will depend on a number of other things too: interactions with customers, the regulator and the Government, for example. If it transpires that some of these relationships need to work in a different way to make the Network Rail structure successful then I propose to make such recommendations too. My recommendations will look to a start date of 2019, the end of the current control period of funding, and will seek to create the right industry structure to incorporate the projected opening of High Speed 2 in 2026.

At the end of this work, I would like to be able to propose changes to Network Rail which will help Britain to develop economically and socially; which will meet growing customer needs better; and which will showcase a safe, cost-efficient and innovative railway delivered by highly skilled staff.

I am not carrying out this work alone. Network Rail chairman Sir Peter Hendy and I are working closely together; I am supported by a brilliant team from Whitehall and Transport for London; and I am drawing on insights from a range of sources.

We'd benefit from your insight too. We need a railway that can provide what the UK needs now and for the future. Only together will we find the right steps forward, so please get involved.

Further information about the Shaw Report and how to contribute can be found at https://shawreportblog.wordpress.com/

Nicola Shaw is Chief Executive of High Speed 1. She has been asked by the government to report and advise on the long-term structure and financing of Network Rail.

Nicola Shaw: "Recommendations will look to a start date of 2019"

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Airport expansion decision is still in a holding pattern

The Government signalled this week that it could defer a decision on runway capacity beyond the end of the year. But that risks creating as many problems as it solves, says **Mike Indian**

'A further review into Heathrow is unlikely to defuse the tense political situation that weighs on Downing Street'

After decades of stacking, the final decision on runway expansion in the South East had been expected to be given landing clearance by the end of the year. That changed on Monday when Downing Street said the "direction of planning" alone would be made clear.

This was not a decision the Government was rushing to make. Having received the final report of the Airports Commission in the summer along with an unambiguous recommendation for a third runway at Heathrow Airport, the decision has rested in the hands of a sub-committee of the cabinet.

The ten-strong group of senior ministers, including prime minister David Cameron, chancellor George Osborne and transport secretary Patrick McLoughlin, was given the task of reaching a clear response on Sir Howard Davies' recommendations. It had to do so while avoiding ruffling feathers from cabinet colleagues such as home secretary Theresa May and foreign secretary Philip Hammond, whose constituents would be affected.

Fingers have been pressed to ministerial lips on the issue. Aviation minister Robert Goodwill has patiently repeated the line that the Government would respond to the commission's report by the end of the year. He did this as recently as a parliamentary debate on the matter on 26 November.

Nonetheless, briefings to the press at the start of December stoked speculation that the Government was preparing to give the go-ahead to Heathrow for expansion. Such a decision would risk intensifying a division within the Conservative Party on the issue, and for that reason ministers were reported to be attaching certain conditions to the request.

One of the most important would be new restrictions on the airport to limit noise and pollution following the construction of any new runway. This would go to the heart of the grievances felt by Conservative MPs and their constituents over an enlarged Heathrow, and would be used to assuage more moderate sceptics.

A possible shape for these restrictions was suggested in a report from the House of Commons Environmental

Audit Committee, published shortly before the decision was due. MPs wanted to see Heathrow demonstrate that expansion could be reconciled with legal air pollution limits, alongside a commitment to invest in surface transport, a ban on night flights and an undertaking to reduce noise below the current level for two runways.

"To defer dealing with the environmental impact of a third runway would be irresponsible and could lead to legal challenges as a result of the potential damage to public health from increased air pollution and noise," committee chair, Labour MP Huw Irranca-Davies, said.

Why the further delay?

Ministers are likely to back a further environmental review into Heathrow, but these conditions are unlikely to defuse the tense political situation that weighs on Downing Street. A six-month delay would carry the Government past May's London mayoral elections. Airport expansion has become a remarkable point of consensus among the two leading candidates. Labour's Sadiq Khan and Conservative Zac Goldsmith have taken every opportunity to criticise expanding Heathrow.

The former has made his preference for a second runway at Gatwick clear, while the latter's passionate environmentalism sets him against a third Heathrow runway. Ministers are minded to delay any vote until May when a new mayor will be ensconced in City Hall.

However, a lengthy deferral would give opponents time to force a U-turn. Plenty of critics are lining up to challenge the economic case for expanding the existing hub airport put forward in the Davies Commission report. Mr Cameron could also have to contend with a newly restless backbench presence in the form of Boris Johnson. Would the carrot of a cabinet job be enough to keep him to the Government line?

A slim parliamentary majority means that the Government must weigh every vote carefully. Former deputy prime minister Nick Clegg, who helped set up the Airports Commission in government, has come out in favour of Gatwick expansion.

Until the final decision has been made, both options remain on the table and ministers will be subject to intense lobbying.

David Cameron is a naturally cautious politician, who hopes treading carefully will carry the day. But further delays could prove costly.

DeHavilland

Definitive political intelligence

Mike Indian is a senior political analyst at DeHavilland

From debate to delivery

The *Transport Times* conference Delivering High Speed Rail brought together ministers, HS2 Ltd, the construction industry and stakeholders from around the country to discuss the benefits and opportunities presented. **David Fowler** reports

(Previous page – top): Birmigham Curzon Street (Previous page – bottom, clockwise from left): Graeme Clark, Keith Brown, David Brown, Robert Goodwill, Simon Kirby, Sir Richard Leese

The HS2 project moved into a new phase in October when chancellor of the exchequer George Osborne used his visit to China to announce the start of the procurement process.

Opening *TT*'s Delivering High Speed Rail conference, minister Robert Goodwill said momentum was building towards the start of construction as the project moved "from debate to delivery".

Though HS2 is just one part of the Government's much larger infrastructure plans, he said, it stands out from the rest. "No other scheme will make such an impact on journeys or secure so many jobs and apprenticeships, and no other scheme will turbocharge our economy quite so effectively," he said.

The chancellor had launched procurement of contracts worth £11bn. The momentum would be continued with Royal Assent for the phase one hybrid bill expected by the end of next year, to allow construction to start in 2017.

"The supply chain has to start recruiting the staff it will need," he said. The challenge was that HS2 would create 25,000 jobs in construction at a time when 20,000 more people were needed to build other road and rail schemes. Meanwhile, the Government was transforming apprenticeships, he said. Terry Morgan, chairman of Crossrail, was drawing up a national infrastructure skills strategy. The National Academy for Rail had opened last month, and in 2017 the National College for High Speed Rail would open its doors, training 1,000 rail specialists annually.

Half the current employees of the rail industry were over 50 and would leave the industry within a decade or so. HS2 presented the opportunity to create a more diverse workforce.

"And what an opportunity," said Mr Goodwill – "a chance to work on the first north-south railway for more than a century. We want to change the way young people think about careers in the railway, to highlight the contribution transport engineers make to our economy, to show how engineering skills are appreciated by employers."

Above all, he concluded, "it's not the size of HS2 but the difference it will make to our country. That's what I want to promote as we recruit 25,000 workers."

Simon Kirby, chief executive of HS2 Ltd, said: "The project is more than building a railway. It will be a catalyst for growth." It would be the biggest mega-project in Europe, and HS2's ambition was to bring about transformational change at every stage of the programme – in planning, construction and operation.

In planning, he said, "we're spending a lot of time on in-depth modelling, detailed planning." HS2 planners were looking details such as the flow through stations to how the location of stations could stimulate regional and local economies.

Regarding the building phase, he said "Our construction programme will not be business as usual." There would be a sharp focus on value for money. In pursuit of this HS2 needed to innovate. It was doing this through early market engagement – it had started to discuss the needs of the project with the supply chain earlier in the programme than any previous project.

HS2 was talking to firms from the big construction companies to small, owner-managed firms. Tier 1 suppliers would be expected to engage with smaller companies in the supply chain and local businesses. "We need to bring the right partners in, and the suppliers will bring innovation with them," he said.

The train service and infrastructure would be designed together. Already a small operations team had been formed. The company had been working with Transport Focus on research to get passenger views on what they wanted from the railway, what the rolling stock should be like, and so on. "Then we design it in from day one," he said.

"We're learning from other programmes across the world. We can standardise certain items, use modularisation and off-site manufacture – because of that projected construction times have been reduced."

Building information management would "allow us to digitally design and build to make sure the project works before building it in reality," he continued. HS2 will be the first project of this size to use BIM level 2 – it would eradicate waste and save time on the programme.

The aim was to leave "a legacy of change in the industry," Mr Kirby added. "It's important to build on world-class standards. We are looking for businesses that share those values." The project would create 25,000 construction jobs, and a total of 100,000 across the country. "Over a 20-year programme we can transform the industry's skills," Mr Kirby said.

Maximising the impact

Keith Brown, cabinet secretary for infrastructure, investment and cities in the Scottish Government, opened the session on maximising the economic

impact on city regions. Quoting Adam Smith, who said that the wealth of a nation should be measured by the prosperity of its people, he said that HS2 "has to be the means by which we enrich our economic prospects." The central belt of Scotland was the second most economically active part of the UK, and he argued that HS2 was not just about accessing the markets along the line and in south-east England "but about those other parts of the UK accessing the markets we have in Scotland".

He added: "Colleagues and I have supported the project without equivocation." A report on route options to Scotland would be produced by the end of the year.

"I'm convinced HS2 will benefit the UK as a whole," he said. "The challenge is to capture that and grasp the opportunities."

On skills, a theme addressed by a number of speakers, he said: "One of the advantages of such a long-term programme is that we can plan for skills for that project so that there is a long-term benefit."

But HS2 had to reach out beyond Leeds and Manchester to the whole of the north of England and Scotland. Small and medium-sized firms represented the vast bulk of businesses in Scotland and depended on infrastructure to grow. "If HS2 doesn't reach Scotland they will be at a greater disadvantage than if it didn't happen at all," he said. "The argument for HS2 is stronger if you include Scotland."

Sir Richard Leese, leader of Manchester City Council, asked: "Rebalancing the economy: how is HS2 going to do that?"

First, he said, through connectivity. It was necessary to maximise the benefits of HS2 by connections to northern cities. "The north of England's rail connections are very poor quality and very congested." Rail North had been set up with the intention of running the Northern and TransPennine franchises in the future. The consultation that had taken place leading to the franchises which were about to be let had led to a much improved contract, he said.

He added: "Last year the five city regions of the north produced the One North report – a really radical plan for transport in the north, including multimodal transport investment of £15bn" – which he pointed out was less than the cost of Crossrail. This process had led to the creation of Transport for the North, now on its way to becoming a statutory body.

Connectivity would bring access to an enlarged labour market with associated economic agglomeration benefits, arising from the availability of more specialist skills. This would improve productivity UK-wide. Local transport

plans were being developed to complement HS2 in a pan-northern strategy.

HS2's second impact, he said, would be regeneration. On phase one of HS2, Birmingham's plans for the area around the proposed high speed station at Curzon Street were already well advanced.

"In Manchester at Piccadilly there will be a real integrated transport hub right at the heart of the city. With the right investment and spatial planning, 15,000 predicted new jobs in that area could become 45,000."

The third contribution was in building the supply chain and services. "Once we get a 15-year pipeline of investment in rail it creates all sorts of opportunities." Already Hitachi had sited its train factory in the North and others were planned. "We're talking about industries coming back to this country, with enormous opportunities for every part of the country."

Greengauge 21 director Jim Steer said HS2's objectives were to increase capacity, increase connectivity and rebalance the economy.

Euston, he said, was the fastest-growing terminus in the UK. The limit of incremental improvements on the West Coast main line had been reached. How could the capacity problem be solved?

He argued that the answer was not the "digital railway". The West Coast main line upgrade had taken this approach, aiming to install moving block signalling. "It was abandoned because we didn't have the technology. We still don't have the technology," he said.

He pointed out the potential importance of the planned interchange at Crewe, now formally added to the project as phase 2a."Crewe will be 55 minutes from London," he said. "It will make a huge difference." It was a good place to regulate headway, for interchange and to divide or join HS2 trains.

However, he added, "on the next 230 miles, to Scotland, there is a capacity problem." There were 200 miles of twin track railway carrying freight and passenger traffic, running at completely different speeds.

He warned against losing sight of the project's objectives in the face of alternative proposals. He said: "The aim is a national network of high-speed rail services – creating capacity to bring about a stronger, rebalanced economy. The national rail network is facing massive demand pressure – HS2 cannot be delayed."

David Brown, chief executive of Transport for the North, said: "There is an opportunity to increase the economic output of the North but also help to balance the economy of the UK and take the pressure off the south."

Transport for the North had been created about a year ago in response to HS2 Ltd chairman Sir David Higgins' report on the project. It brought together 24 local transport authorities and local enterprise partnerships with HS2 Ltd, Highways England and Network Rail to consider how to improve connections between the city regions of the north.

Its aim, he said is "putting in place a transport strategy for the medium term that links the city regions across the North on a multi-level basis." As well as the strategic road and rail networks, the strategy will cover freight and logistics, international connections through ports and airports, and smart ticketing and information.

The organisation sought a "dramatic improvement" not just in capacity but in journey times. Currently it can take over an hour to travel

Above: Rolling stock for HS2 will be the successors to the new Velaros, coming into service on Eurostar

Left: Cities must seek to capture regeneration opportunities around new stations such as Leeds

"The argument for HS2 is stronger if you include Scotland"

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Construction time was cut by almost half on the LGV SEA project

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between cities only 30 miles apart by rail, and even longer by road.

"It's hard to see how businesses can work together without significant improvements in the flow of traffic by both road and rail," he said. This needed to be east-west as well as north-south.

"I believe we can only truly get a transformational effect on the North's economy by doing something that is transformational to the rail system as well as to the motorway system".

To achieve that transformation it would be necessary to build new infrastructure rather than try to incrementally improve the existing system or depend on something unproven such as the digital railway.

The proposed east-west rail link will not be high speed rail in the 200km/h-plus sense – the distances are too short – but "it will be as fast as it possibly can", to bring journey times between Liverpool and Manchester down to 20 minutes and between Manchester to Leeds to 30 minutes.

He added that the transformational effect of HS2 "will only fully materialise if it's part of a network not only to the north of England but also to Scotland, and east-west from Liverpool to Newcastle and Hull."

Rolling stock

Giles Thomas, acting technical director of HS2, opened the session on procurement of rolling stock.

Earlier this year HS2 had published its design vision, with three main themes: people, place and time. The project should be designed to benefit everyone, to respect the landscape the railway will go through, and to stand the test of time. Good design did not necessarily mean high cost, he added.

Advances in modelling and aerodynamics were examples of areas where technology "will allow us to do a far better job of engineering the project than ever before." Building information management was "something we want to run throughout the project" but there would need to be support for the supply chain "to get everyone upskilled and working in that environment".

An innovation project within the overall project was being run by Iain Roche, recruited from Rolls-Royce. "It's really important to us to be able to capitalise on innovation," Mr Thomas said. "There will be areas where we can innovate, and areas where we will want to stay with proven technologies."

Graeme Clark, Siemens head of business development for rolling stock, said HS2 would require two fleets – one classic compatible, or capable of running on conventional track as well as the new high speed infrastructure, and one "captive" to the high speed tracks. About 60% of the total was currently expected to be classic compatible. They would be capable of identical performance on HS2 track.

Questions that arose included: should both train fleets be procured from the same supplier? Should the trains and signalling be procured together? Should the compatible trains be capable of tilting on existing track, on the West Coast main line, for example?

The first trains would be delivered in 2024, to go into operation in 2026. They would be based, said Mr Clark, on "our next generation platform", which will be the successor to the Velaro trains currently being supplied to Eurostar and other customers. Technology would include lightweight bogies and "fly-by-wire" controls, which will be fully proven by the time the trains are to be delivered.

> **'We're talking about industries coming back to this country'**

International practice

The final session, on international best practice, was opened by Hans Dekker, Fluor Corporation president of infrastructure. He described Fluor's role as part of the Infraspeed consortium on the HSL South project connecting Amsterdam, Antwerp, Brussels and Paris. Fluor worked on the section from the Belgian border to Amsterdam, which included 90km of new track, a 25kV AC power supply, and with trains running at up to 300km/h.

Infraspeed comprised Fluor Infrastructure, Siemens Nederland and Royal BAM Group plus financial investors. Fluor provided project management and system integration, Royal BAM Group installed the track system and Siemens Nederland provided the electrical power supply and signalling. The contract included a five-year design, construction and financing phase from 2001-2006, and a 25-year "period of availability" to 2031 when the consortium was responsible for maintenance.

Fluor's role included managing the many interfaces between the different contractors involved on the project and with the client, and it was responsible for driving value for money on the project, taking the full project lifecycle into consideration. "System integration is a key component in delivering a working system," Mr Dekker said.

Vinci project director Gilles Godard described his company's role on the LGV SEA project linking Tours to Bordeaux, a 320km high speed line which cost €7.8bn.

Vinci was project manager as part of a public private partnership with a 50-year design, build, operate, maintain and finance concession, including 44 years of maintenance.

Mr Godard said that a focus on three factors, people, innovation and anticipation, allowed construction time to be cut by around half compared with previous similar projects.

Regarding people, engagement with communities and environmental organisations along the line started very early. 2,000 men and women from underprivileged backgrounds in 113 communities were recruited and trained in construction skills. 600 who had trained in civil engineering skills were later retrained in track work, giving them a second set of skills.

Innovation in the construction phase included the use of a new track-laying machine and in lifting plant. The project "was paperless from day one": 250,000 documents were managed from design through to commissioning. A collaborative project structure worked well.

Anticipation was evident in a number of ways. Concrete sleepers were cast and delivered in advance; rail was stockpiled in Sheffield. Two years of planning was required to make sure deliveries amounting to 200,000t of ballast came at the right time.

Construction was completed in July this year and the line is due to open in three months. It has had no fatal accidents up to now, and there have been no protests against its construction.

Partner in success

Keolis, in various guises, is behind many prestigious UK train and tram operations. Now it is seeking to expand to other transport modes, chief operating officer Ruud Haket tells David Fowler

For one of the country's most successful rail operators, Keolis is, in the UK at least, perhaps less a household name than might be expected.

In different guises, Keolis is the company behind rail operators Southeastern, Southern, Thameslink and London Midland. It operates the Docklands Light Railway and Nottingham Express transit; it is a shortlisted bidder for the Northern and TransPennine rail franchises as well as the London Overground.

The company, 70% owned by French national rail operator SNCF, has a preference for working in partnerships, which keeps its name out of the immediate spotlight. Best known in the UK for its Govia heavy rail operations, in partnership with Go-Ahead, it has recently adopted a multi-modal strategy in which it will be seeking to enter a wide range of markets, from bus to cycle hire and car parking.

Ruud Haket, Keolis UK chief operating officer, explains the philosophy behind the company's partnership approach. "We ask, its there a partner that adds value for the client? Up to now in the UK we've always worked in partnership. It's in our genes." It arises, he suggests, from the company's experience in Europe, working with local transport authorities. "We develop close relationships," Mr Haket says.

Hence, for the DLR, its partner is Amey because of the latter's infrastructure maintenance expertise. For its West Coast main line bid in 2012, majority shareholder SNCF was a partner. "SNCF was a full partner to show to the client that we would have full access to SNCF's expertise and its experience in running high speed and inter-city trains," he says.

Nottingham Express Transit carried more than 1.3 million passengers in October

Mr Haket was appointed in January 2014. His role is twofold. The first is to oversee the majority businesses, with the individual managing directors reporting to him.

His second role is in business development. Crucially, bid directors report to him, as well as other commercial, marketing and project management activities.

In this context, the last 18 months has been a period of considerable success. Last year the company won two numerous high profile contracts in quick succession. These were the DLR concession from long-standing incumbent Serco; the Thameslink, Southern and Great Northern rail franchise, the biggest and most complex in the country. Then in August this year the long-awaited extension to Nottingham's tram system opened.

The seven-year Thameslink franchise, awarded to Govia Thameslink Railways in September 2014, is the largest in the UK in passenger numbers (with 22% of rail passenger journeys), trains, revenue and staff. It covers destinations from London to Brighton and Portsmouth in the south to Cambridge, Luton and Bedford to the north, and including Gatwick and Luton airports.

It combines the former First Capital Connect operations as well as some services transferred from Southeastern, already operated by Govia. Southern and Gatwick Express operations, for which Govia was again the incumbent operator, were merged into the franchise in July this year.

The merger of two of the UK's most complex franchises was motivated by the DfT's wish to have a single "guiding mind" responsible for most services running through London Bridge during the second phase of the station's effective reconstruction, which began last January and runs till 2018.

The franchise had a somewhat difficult start, suffering from reliability problems. These were compounded when the London Bridge project got under way, with serious overcrowding occurring at peak times on trains and platforms, and difficulty in running to the planned timetable.

"There were two big things," says Mr Haket. "We inherited a shortage in drivers. It takes a year and a half to recruit and train replacements, because training capacity is limited. But it is in the process of being sorted."

The problems at London Bridge, he adds, arose because "Network

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The partnership approach

Govia
A joint venture between Keolis (35%) and Go-Ahead: operates Southeastern, Thameslink/Southern, Gatwick Express and London Midland trains. Shortlisted for the Northern rail franchise. The two companies were shortlisted for the TransPennine franchise in a partnership with Keolis as the majority partner, and for London Overground as LoKeGo (51% Keolis, 49% Go-Ahead)

KeolisAmey
KeolisAmey Docklands has run the Docklands Light Railway since 2014.
The two companies are shortlisted bidders for the Manchester Metrolink concession.

Tramlink Nottingham
A consortium comprising Keolis, Wellglade (owner of bus operator Trent Barton), Alstom, Vinci Construction and investors Meridiam and InfraVia won the contract to operate Nottingham Express Transit and build phase two in 2011. Phase two opened in August this year.

In addition Keolis bid for the West Coast main line franchise with SNCF in 2012 and the East Coast main line with Eurostar in 2014.

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Rail hasn't delivered the network capability it promised." It should have been possible to run 22 trains/hour but this proved impractical. Difficulties in getting the trains in and out compounded worse than expected crowding on the platform.

The operator has worked with Network Rail and the DfT to get services running more smoothly. In three timetable changes since the beginning of the year, the number of trains was first reduced to a point where the timetable could be run reliably, since when it has been possible to build the number back up again to 21 trains hourly, easing crowding.

"Only when the full works are done will capability be back to normal," says Mr Haket. He adds: "It has improved a lot but there is still more to do." Though he cautions that conditions will remain challenging till 2018, it is expected that work to be undertaken over the coming Christmas period will remove many of the current restrictions on services and make a noticeable difference. In addition, this month the first timetable with Thameslink and Southern united under one operator will be introduced, which should also improve the coordination of operations. Meanwhile new Class 387 trains are being introduced, improving both reliability and capacity.

KeolisAmey Docklands won the operating concession for the Docklands Light Railway in July 2014. Since the DLR's inauguration in 1987, what had been a modestly sized railway has steadily grown. "It now carries more passengers than the East Coast main line," Mr Haket points out. The challenge here was to retain and if possible build on reliability levels which had been running consistently over 99%. Mr Haket believes that the transition from the previous operator was so smooth it was barely noticed by passengers. Reliability has improved further and in the latest period is running at 99.1%.

Below: The DLR carries more passengers than the East Coast main line

Bottom: In Lyon, Keolis operates metro, light rail, bus and electric vehicle hire

The situation was marred by a dispute between KeolisAmey Docklands and the RMT union over new working practices and the use of agency staff, which led to a 48-hour strike at the start of November. Discussions between KeolisAmey Docklands and the union to resolve the dispute are continuing on a regular basis.

Keolis took over operation of the successful Nottingham Express Transit system in December 2011 as part of the Tramlink consortium, which also includes Wellglade, parent company of local bus operator Trentbarton. A new chapter began in August, with the opening of new lines extending the system south and west of the city to Clifton and Toton via Chilwell.

Mr Haket says operations on the new lines have been going well. "A lot of effort went into preparing for the opening," he said. The Toton line in particular, which serves the university and Queen's Medical Centre teaching hospital, has been particularly busy. Latest figures show it carried 1,319,436 passenger journeys in October 2015, which represented an 80.5% increase on October 2014.

Keolis/Go-Ahead joint ventures were shortlisted for both the Northern and TransPennine Express rail franchises, the only bidders to achieve this. For Northern the companies were bidding in the familiar Govia guise, with Go-Ahead the majority partner in a 65%-35% split. For TransPennine Keolis was the majority partner with the percentages reversed.

When the decision was announced this week, however, both franchises went to rival bidders: Arriva for Northern, while TransPennine Express went to FirstGroup – with whom Keolis is a partner in the outgoing TPE contract. The result leaves observers to muse on whether something close to a combined franchise could have been created if Keolis/Go-Ahead had won both.

The two companies are also shortlisted, in a 51/49 partnership LoKeGo, for the London Overground concession, for which a contract is expected to be awarded next summer.

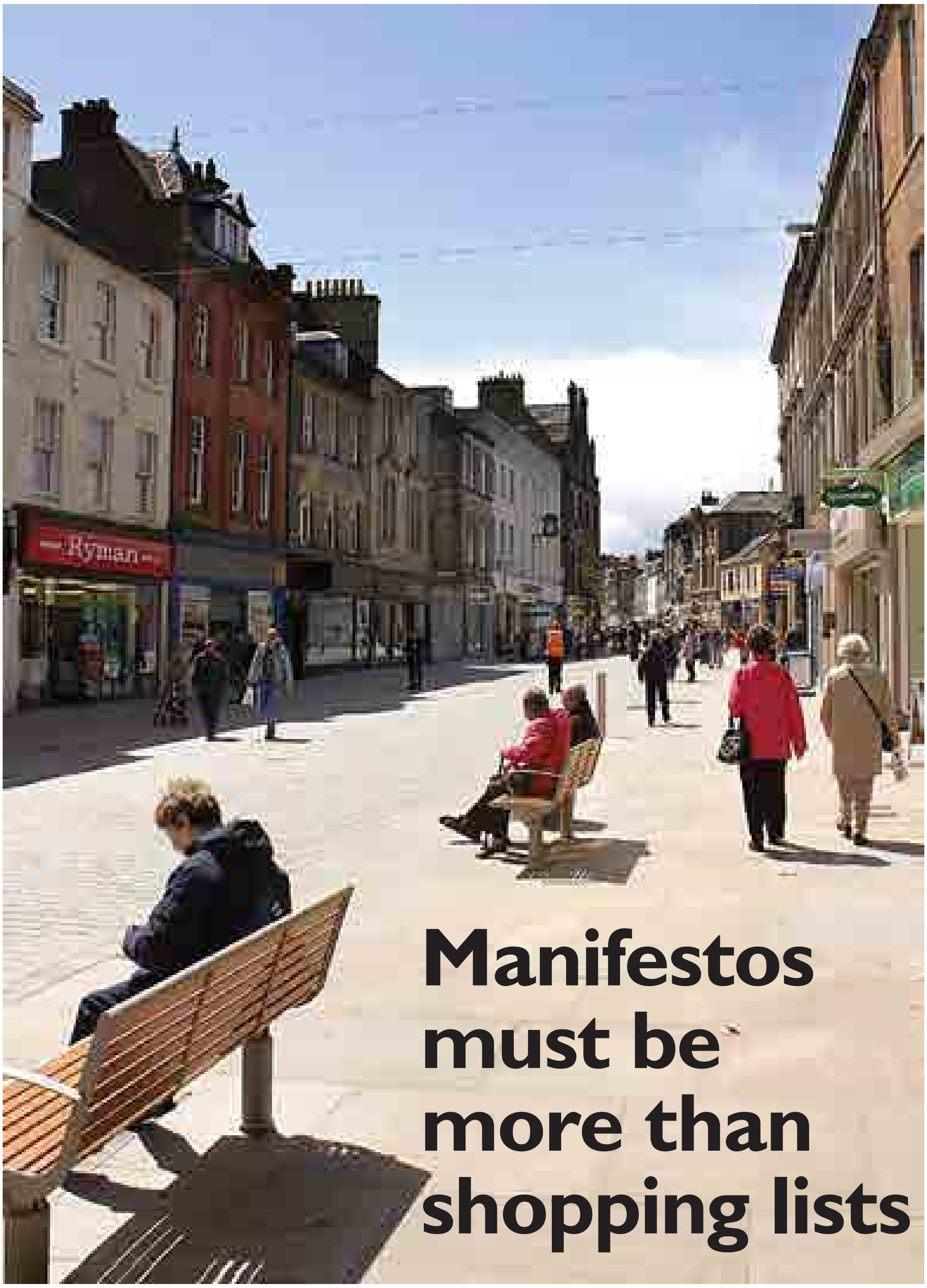
For Manchester Metrolink, Keolis Amey has been shortlisted in competition with National Express, RATP Dev (the incumbent) and Transdev. Bids are due to be submitted in spring.

Mr Haket says the company changed its strategy for the UK, where it had previously only been active in rail, around two years ago. It adopted a multi-modal approach, as it does elsewhere in Europe.

"On heavy rail we will continue working with Govia. But under the multi-modal strategy we'll also be interested in the bus market, in parking. For all the modes we do worldwide we're asking, how can we apply that to the UK?" In Lyon, he points out, Keolis does "everything": metro, trains, light rail, bus, a funicular railway, and electric vehicle hire.

The deregulated UK market is somewhat different from the European markets in which Keolis is used to operating, but no doubt Keolis sees opportunities opening up through the Government's plans to devolve bus franchising powers to city-regions and other local authorities.

"We're keen to get into the bus market as we do worldwide. We're looking at opportunities that come up. We're used to working with local authorities in France and Belgium," Mr Haket says. "We're equally happy to work in an open market – we're happy to take the revenue risk. But if a local customer says 'we want franchising' we'll look at the proposition."



The debate about management of local streets is climbing the agenda, helped by the Green Party

Manifestos must be more than shopping lists

Politicians habitually avoid radical transport policies. But a round table on manifesto issues for next year's Scottish Government election identified areas where politicians must show leadership if they are not to be overtaken by events, says Derek Halden

Do promises in political manifestos mean anything? A quick check of the manifesto promises made at the 2011 Scottish Parliament election by the current SNP administration shows that the very specific promises have pretty much been fulfilled. There has been more grit on winter roads, new investment in the M8 motorway and a new Borders Railway.

However, the manifesto also included grand pledges to "protect our environment as a truly sustainable society", and "reducing inequality in Scotland so we can create a fairer nation". It is difficult to relate the transport outcomes to these pledges. Available measures of transport-based social inclusion or environmental performance do not show that Scotland's transport has become fairer, greener or more sustainable. The manifesto seems to have worked better as a shopping list than a strategy for good transport governance.

In October I chaired a round table session of the Scottish transport think tank STSG to debate these issues. With the forthcoming election next May, could there be a better connection between the aims of government and what it actually delivers? What could the manifestos say that would help the government chart a successful course?

Market forces

Transport faces tough choices, and it should be a matter for democratic debate how one of the largest public budgets managed by the Scottish Government is spent. The transport experts are not necessarily representative of the electorate, but they know and care about transport. The gap we defined at the round table was between how the general public think transport can be improved, and what the experts actually think will work.

We cannot expect people to be experts in transport, but we do need to make sure that people are able to ask their politicians for the right things. Apart from railways and cycling, it was hard to identify sufficient clarity in the choices being offered to people for them to be able to support rational choices, even on basic issues such as whether we want more cars or fewer on the roads.

The overall conclusion was that politicians in 2015 are in the back seat, leaving transport leadership to market forces. Political survival depends on following public opinion, money, trends and publicity, and that includes staying well clear of difficult transport choices at election time.

If politicians avoid leading, what is their mandate for action? Voters who have not been given a choice about which way to vote on controversial subjects like transport regulation have a right to object if the government decides to make major changes.

In the years ahead, the growth in the collaborative economy will have profound implications for transport, redefining the boundaries of public transport. Traditional UK approaches to collaboration, such as community transport, are being complemented by harder commercially focused companies providing shared transport services such as Uber and Task Rabbit. The new collaborative services range from peer-to-peer car sharing to new bus services. New approaches to regulate more collaborative ways of working will be needed, but so far the regulation debate seems locked in ideological battles of the past.

Political parties need to give themselves mandates for the changes they should already know lie ahead.

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If political visions for social aims such as fairne\ss are to be practical, then they need to be worked through into detailed political promises.

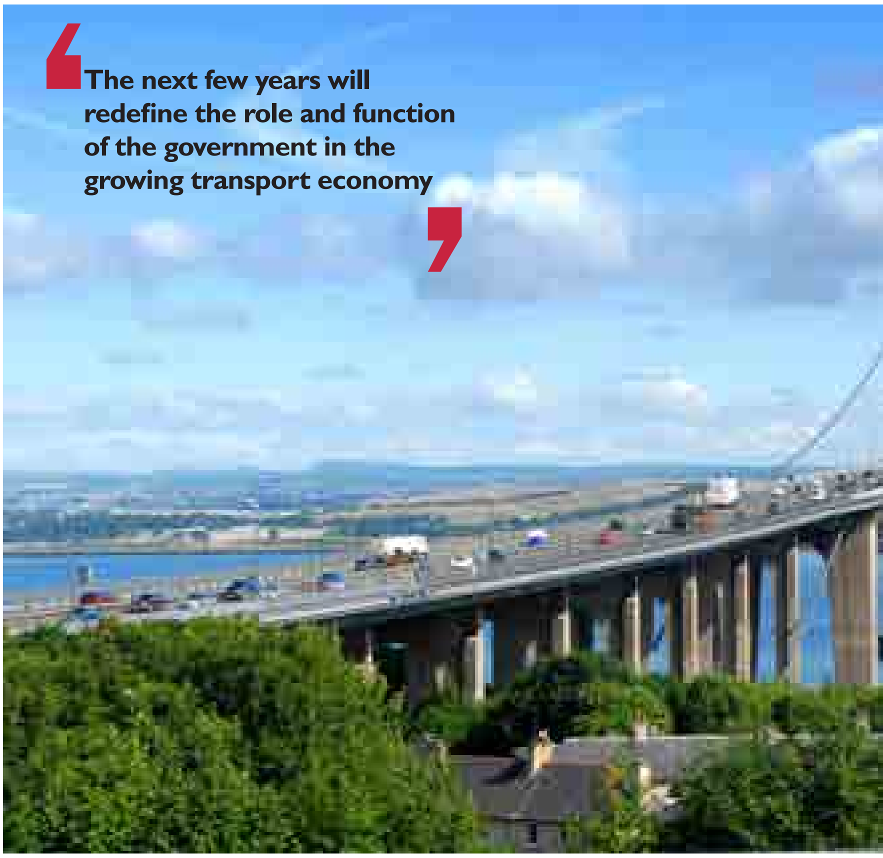
Five big themes emerged from the STSG debate, where specific manifesto promises were needed. They were: transport taxation, road and parking charges, community planning, regulation, and data protection.

Taxation and charging

There are promising signs that transport taxes and charges could become more central to the political debate. Scottish Labour leader Kezia Dugdale was deemed in the popular press to have struck her strongest blow to date against an otherwise untouchable SNP government when she challenged SNP policy on cutting air passenger duty. What public expenditure would be cut to pay for the policy, or would cutting APD attract more flights, helping the economy to grow and increasing taxation from other activities?

But debate needs to be carefully managed. Could manifesto promises on taxes and charges result in less income for the government? The political race started by the Liberal Democrats on bridge tolls ended with the removal of all such tolls in Scotland. Can we afford to expose the annual £4bn-plus raised in Scottish transport taxes to political competition, if the outcome is a race towards zero? What signs are there that the public will be willing to pay more for better services?

Transport to health services could be one place to start. The NHS is under growing financial pressure and it is not clear which NHS services are currently being rationed to pay for the costs of free car parking at hospitals. Perhaps charging market rates that cover the costs of providing hospital parking could be an electorally popular suggestion, to avoid cuts to more important health services.



> The next few years will redefine the role and function of the government in the growing transport economy

If this started a public debate about other unfair and unsustainable transport policies, perhaps it could become politically possible to talk about new charges. At the very least a political debate about the current unfairness in health travel costs could result in better policies, whereby public transport users get part of their travel to hospital subsidised too. This would put even more pressure on the health budget, but it would at least be consistent with the headline pledges of the government on sustainability and equity.

The need for better policies on fuel duty is already recognised by pilots of differential rates of rural fuel duty. There is plenty of evidence about the regressive nature of current fuel taxes, and the spatial inequities of the current system are particularly acute for remote areas. However, the point has not yet been reached when pay-as-you-go road pricing is widely understood to be a fairer attractive alternative, as most transport analysts suggest.

Smart politicians might observe how the car insurance companies have been introducing popular approaches to road pricing such as pay-as-you-go policies for young drivers. A progressive approach by the government could offer socially beneficial pay-as-you-go tariffs for use of the roads at particular times of day or in sensitive locations, offering motorists who sign up for these approaches rebates on their fuel tax. The Scottish Government could administer the scheme in partnership with UK government departments, much like BSOG has been handled for bus operators.

Community planning

With social leadership in transport being hard to impose from the top, leadership of many of the most controversial policies has been delegated to community planning partnerships, but delivery has been weak.

Politicians have kept specific promises, such as the Borders Railway (with minister Keith Brown, below). A debate on bridge tolls led to a race to zero (centre). Scottish Labour challenged the SNP in the debate on Air Passenger Duty

The debate about the management of local streets for people is climbing the agenda. The SNP will be watching the fast-growing Green Party membership as it campaigns for stronger rights for citizens. Campaigns about presumption of liability on the roads and wider introduction of 20mph zones are now on the political agenda. Most importantly, public frustration about a lack of accountability when they face problems has the potential to become a bigger debate. Bus network coverage, for example, is declining in some places, so attempting to pass the buck between transport operators, the NHS, and education and transport authorities is becoming more common than practical action to tackle the problems.

Local leadership has been made possible through the Community Empowerment Act, so the manifestos could offer some clarity about how they expect better outcomes to be achieved.

Regulation

Regulatory failure lies at the heart of many of the current problems. People have so far been prepared to accept the fact that it has been getting slower, more expensive, more polluted, unhealthy and more dangerous to travel around, since they perceive the alternatives to involve curbs on their freedom. However, the popularity of a more social approach is growing as the socio-demographic characteristics of the population change.

Proposals for better transport regulation could define a new political battleground. The debate about regulation has largely been about shifts in power and control, and has therefore been generally uninteresting to users. A shift in the focus towards performance could be popular and attract votes. People don't much care whether their rail or bus service is managed through a partnership or alliance or by contract or franchise, but they do care that they get good value and quality. What social or user focused commitments might political parties offer?

Data protection

What happens when data showing the travel patterns of an individual gets into the wrong hands and harm is caused? Facebook has announced that it will tell its users when the government is spying on them. Will our political leaders also make promises to protect us? What if people find out that the government is spying on people's journeys for commercial gain, as is being suggested by some critics, when they don't use the same technologies to track public transport vehicle movements to regulate transport performance?

Disruptive changes in transport will come to the fore during the term of the next Scottish Parliament. Change has so far been partly delayed by the government protecting existing players, but the current climate of declining public funding, and growing pressure for change, will favour private sector leadership unless action is taken.

Scots spend 15% of all they earn on transport, so something so highly valued will always be contentious. The next few years will redefine the role and function of the government in the growing transport economy and an absence of social leadership could be interpreted as a privatisation agenda. Some indication from each political party about the terms on which they will develop joint projects, and partner with or regulate the industry, would give some form of political mandate.

People do not expect detailed plans on the regulation of emerging unmanned aircraft, but drone transport networks are growing, and voters need to know the terms on which the government plans to act on their behalf.

Most current politicians avoid radical transport choices. There is little doubt that Scottish politicians seem more at ease promising to build roads and railways, or promising that a higher percentage of the transport budget will spent on cycling, and on new air transport freedom. This recognises the political need to neutralise danger from the most powerful lobby groups.

What politicians may not have recognised, but which commentators like Charles Handy, Paul Mason and others have pointed out, is that there are greater political dangers that may not yet be on their radar.

The greatest significance of what companies like taxi sharing app Uber have achieved is not its technology, but demonstrating its ability to challenge regulators in court and win. They win in court when they show that they are providing services that are in the public interest. If the government acts in the public interest to regulate, tax, and permit new types of transport alongside existing services, it has nothing to fear from change.

However, current systems need reform, and without a political mandate for reform of thorny issues about regulation, taxation and paying for transport, the role of the government in the future of transport could be much diminished next time we have a Scottish Parliament election.

Derek Halden is director of transport data and technology business DHC Loop Connections and is secretary of Scotland's transport think tank STSG. www.dhc1.co.uk

John Cridland

David Waboso

Carl Pittam

John Evans

Ex-CBI boss becomes chairman of Transport for the North

- David Waboso named as president of the Association for Project Management
- Carl Pittam appointed to Steer Davies Gleave's London planning team
- The National College for High Speed Rail names John Evans as new chief executive

John Cridland has been appointed chairman of Transport for the North, the strategic body which brings together local transport authorities and combined authorities throughout the North of England.

Mr Cridland had been director-general of the CBI for five years. He has extensive experience campaigning for investment in infrastructure, and was awarded a CBE for services to business in 2006.

Mr Cridland joined the CBI as a policy adviser in 1982 and rose to become deputy director-general in 2000.

A crucial part of Mr Cridland's role will be to make sure that TfN represents the interests of northern industry and drives forward its ambition to create a vibrant and growing economy.

David Waboso, London Underground's capital programmes director, has been named as the new president of the Association for Project Management. He will assume the part-time role in the New Year alongside his current position. He will lead the APM in its role of helping to improve project management throughout the country. With over 21,150 individual and 550 corporate members, the APM is the largest professional body of its kind in Europe.

Mr Waboso is an internationally renowned engineer and project manager. As programmes director for London Underground, he is responsible for leading the Tube Upgrade Programme, worth £1.5bn annually.

Steer Davies Gleave has appointed **Carl Pittam** as an associate in its London planning team to develop its behaviour change, cycling, walking and urban realm capabilities. Mr Pittam joins from Sustrans where he was director for England. In this role he was responsible for strategic planning and resourcing of Sustrans' English regional teams which were managing a multi-million pound programme of infrastructure and behaviour change projects. He led Sustrans' approach to increasing the levels of cycling in London through his work on Greenways, the forerunner of Transport for London's Quietways programme.

He played an influential role in the development of walking and cycling infrastructure for the London 2012 Olympic Games.

The National College for High Speed Rail has appointed John Evans as chief executive. Mr Evans joins from FirstGroup, where he was group HR director. With over 25 years' experience in marketing and HR, he has worked for organisations including Strathclyde Police, Diageo and British Airways.

As chief executive of the college, John will take responsibility for shaping the curriculum, the college design and liaison with stakeholders, including employers, to help educate a new generation of top-class engineers for the rail industry.

The NCHSR will provide Britain's workforce with the specialist training and qualifications required to build HS2 and other infrastructure projects in the future. It will be sited in Birmingham and Doncaster.

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12—13th April 2016 London

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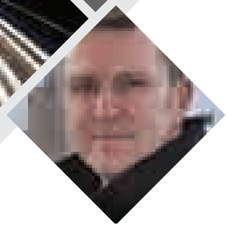
Commissioner,
Transport for London



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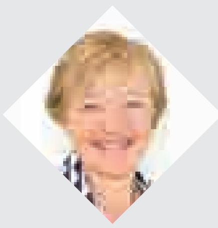

Baroness Jo Valentine
Chief Executive,
London First

Keynote Speaker: Lord Adonis, Chair, National Infrastructure Commission

A new independent National Infrastructure Commission (NIC) is being created and will be charged with offering unbiased analysis of the UK's long term infrastructure needs.

Former cabinet minister and transport secretary Lord Adonis will lead the commission as its first chairman.

The NIC will start work immediately. It will publish advice to the government before next year's Budget on plans to transform the connectivity of the cities of Northern England including high speed rail links (HS3), as well as on priorities for future large-scale investment in London's public transport infrastructure such as Crossrail 2.

The NIC will provide an assessment of the UK's infrastructure needs every five years, looking 30 years ahead and examining the evidence across all key sectors of economic infrastructure - including roads, rail transport, ports and airports.

We are delighted to announce that Lord Adonis will deliver the keynote address at this Summit and update us on his first report to government.

For more information please visit www.transporttimes.co.uk or call 0207 828 3804

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