



More than a journey

The railway's
value to a fair,
clean recovery
for communities
across Britain.

Rail Delivery Group





We must harness the railway's unique ability to support a better future.



Andy Bagnall
Director General,
Rail Delivery Group

The vital role that Britain's railway plays in the country's prosperity has never been more apparent. Sadly, this is due largely to its absence from so many people's lives during the Covid-19 pandemic and the knock-on impact to businesses, jobs and the way we live.

As the nation looks to the recovery, however, the railway faces existential challenges. New ways of working and travelling for business and to enjoy ourselves. Difficult choices for government about public spending. The need, in the face of a climate emergency, to cut transport-related carbon emissions. This is before grappling, necessarily, with getting right the most significant reforms to rail in a generation.

Against that backdrop, this report unashamedly makes the case for getting people back on to trains and more freight moving by rail.

- At each end of the train line - each end of your journey - are livelihoods and businesses that will depend on rail passengers to be the difference they need to recover
- Rail connects people and businesses to jobs and opportunities, and goods to markets
- Every journey on the train tackles congestion and makes the air in towns and cities across the country, cleaner.

This is not to advocate a return to the past. We must harness the railway's unique ability to support a better future.

The research presented here demonstrates beyond doubt that to 'build back better', to create a fair, clean economy for tomorrow, we must work together - the rail industry, the business community and government - to encourage people to choose rail and get the right reforms in place. Because when we go by train, it's more than just a journey.

Executive summary

With passenger numbers having fallen by up to 95% during the pandemic, in June of this year the Rail Delivery Group asked WPI Economics to undertake research to examine the impact that a sustained fall in rail travel would have on the economy, communities and the environment in the different regions, cities and nations of Great Britain – and what the opportunities would be for the country in winning those passengers back.

To do this WPI Economics, with Savanta, undertook in-depth polling of the public and businesses to understand the value they place on the rail network, their concerns about a sustained fall in rail travel and how the money train passengers spend on additional activities such as accommodation or meals benefits different sectors of the economy.

This is a summary of their findings. A fuller report, including details on the methodology WPI Economics has used, is available at www.wpieconomics.com

Taken together, the results provide a sense of the scale of risk associated with a fall in rail usage as the country recovers from the pandemic, both in terms of economic recovery and our net zero ambitions, and make the case for getting the right reforms in place to bring passengers back and unlock a golden age of low carbon connectivity across the UK.

Passenger spending drives economic recovery

Boosting local businesses

Travel by rail, whether for leisure or work, makes a significant contribution to the national economy. In Great Britain total spending associated with rail travel was around £133bn per year pre-pandemic (not including rail fares) as the average passenger spends as much as £94 per journey on other activities. Rail travel supports, and will be critical to, the future economic recovery of a number of other sectors.

Prior to the pandemic every year rail users boosted the economy by spending:

-  **£42bn on food and drink**
-  **£34bn on shopping**
-  **£27bn on accommodation**
-  **£15bn on entertainment and culture**
-  **£15bn on other travel**

Benefiting passengers and broader society

Pre-pandemic, rail travel brought social, environmental and wider economic benefits that are worth £2.9bn per year to households (£107, on average) and £1.2bn to small and medium sized enterprises

Spreading benefits nationwide

Rail will be key to the economic recovery in every part of Great Britain – rural communities, leisure destinations, and towns, as well as in our cities.

Total pre-pandemic spending by rail passengers in different regions includes:

-  **£9bn in the North West**
-  **£6.4bn in the West Midlands**
-  **£5.3bn in Yorkshire and Humberside**

Getting Britain back on track

Estimated average spending per journey by rail passengers travelling for leisure was:

-  Seaside towns and leisure destinations - £117
-  Rural areas - £83
-  Towns - £76
-  Cities - leisure journeys £114, commuter journeys £44

Rail is vital to reaching net zero ambitions:

1. A switch of 20% of rail usage to car across Great Britain could result in an extra 1 million tonnes of CO2 emissions per year and 300 million hours of lost time due to increased congestion
2. More than half of people are concerned about the environmental impacts of a long-term drop in rail usage

Of course, with the right approach and reforms, including a retail revolution and services built around changing local needs, we can boost innovation on the rail network, create a railway that is planned alongside the change to our economy and can become the backbone of a truly integrated, low carbon transport system.

£133BN

total spending associated with rail
travel per year pre-pandemic
(not including rail fares)

300M HOURS

of lost time due to extra congestion if
20% of rail passengers switch to road

56%

of public concerned about
environmental impact

Rising to challenges, maximising opportunities

The railway has long been a part of British heritage, supporting industry, business and leisure as well as providing friends and families with vital links. Pre-pandemic, rail had never been so important to the UK, with use rising rapidly for the previous two decades. Coronavirus fundamentally changed that picture. Rail usage dropped to unprecedented levels – the lowest level of passenger usage since the mid-nineteenth century at 5% of pre-pandemic levels, before rebounding more recently.

Looking forward, there are a wide range of factors that could potentially impact on how and when passengers return to rail as the economy recovers.

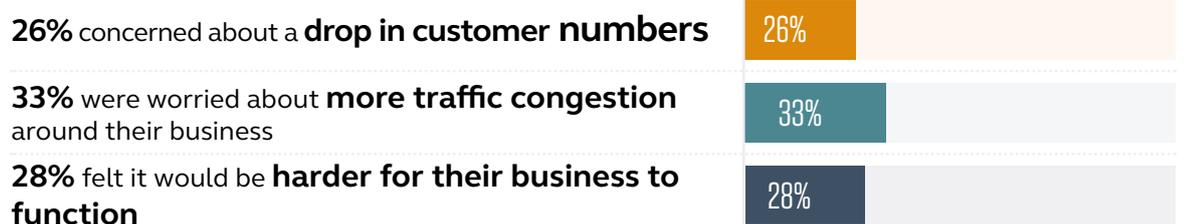
Opportunities	Challenges
<p>Leisure travel: The World Economic Forum predicts that leisure travel is likely to rebound sooner than business travel as people visit friends and family to catch up on trips not made during the pandemic. Demand for domestic holidays is also likely to increase.</p>	<p>Economic conditions: As the economy and the labour market recover, the return of passengers will depend on how strong consumer sentiment is and avoiding a resurgence of the virus.</p>
<p>Modal shift: The move towards net zero emissions will potentially increase the demand for rail in the long term as more modal shift takes place in the lead up to 2050.</p>	<p>Remote working: The trend of home working increased drastically during the pandemic. There is still a great deal of uncertainty over the future of commuting and to what extent new travel patterns may compensate for some of the losses.</p>
<p>Migration patterns: Evidence exists that suggests people are considering moving farther away from cities to less densely populated areas. If employers have access to a wider pool of workers as people commute for longer but less often it could increase demand.</p>	<p>Choice of transport modes: In some cities, traffic congestion has already crept back and one in 10 households that did not own a car before June 2020 had bought one by November 2020. This poses a significant risk of a car-led recovery.</p>

The concerns of the public and businesses make clear the appetite to get people back on trains and avoid a car-led recovery. Savanta asked the public and businesses, if they had any concerns about a permanent 20% drop in rail passengers and a significant shift to cars, to state their top three:

Key public concerns

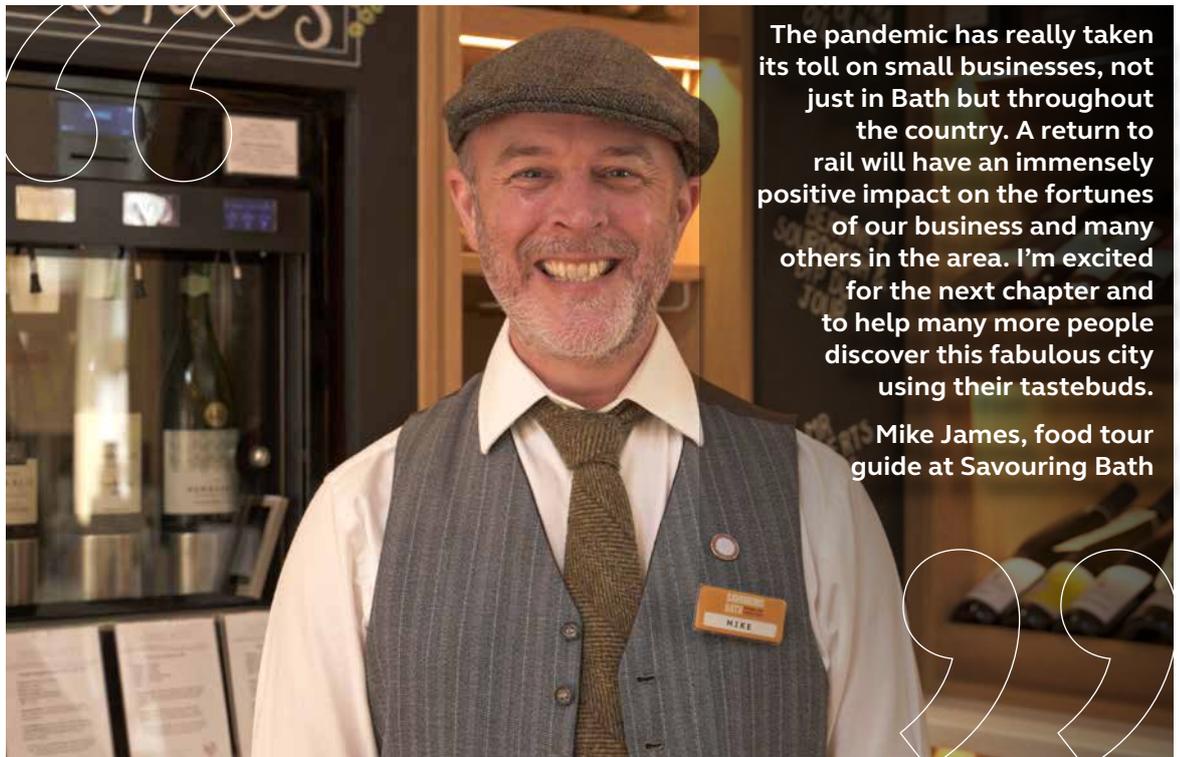


Key business concerns



Boosting local businesses

Businesses also benefit directly from spending by rail passengers, for example on hotels, restaurants and leisure activities, during their journey and when they reach their destination. Pre-pandemic this spending totaled around £133bn per year, comprising:



The pandemic has really taken its toll on small businesses, not just in Bath but throughout the country. A return to rail will have an immensely positive impact on the fortunes of our business and many others in the area. I'm excited for the next chapter and to help many more people discover this fabulous city using their tastebuds.

Mike James, food tour guide at Savouring Bath

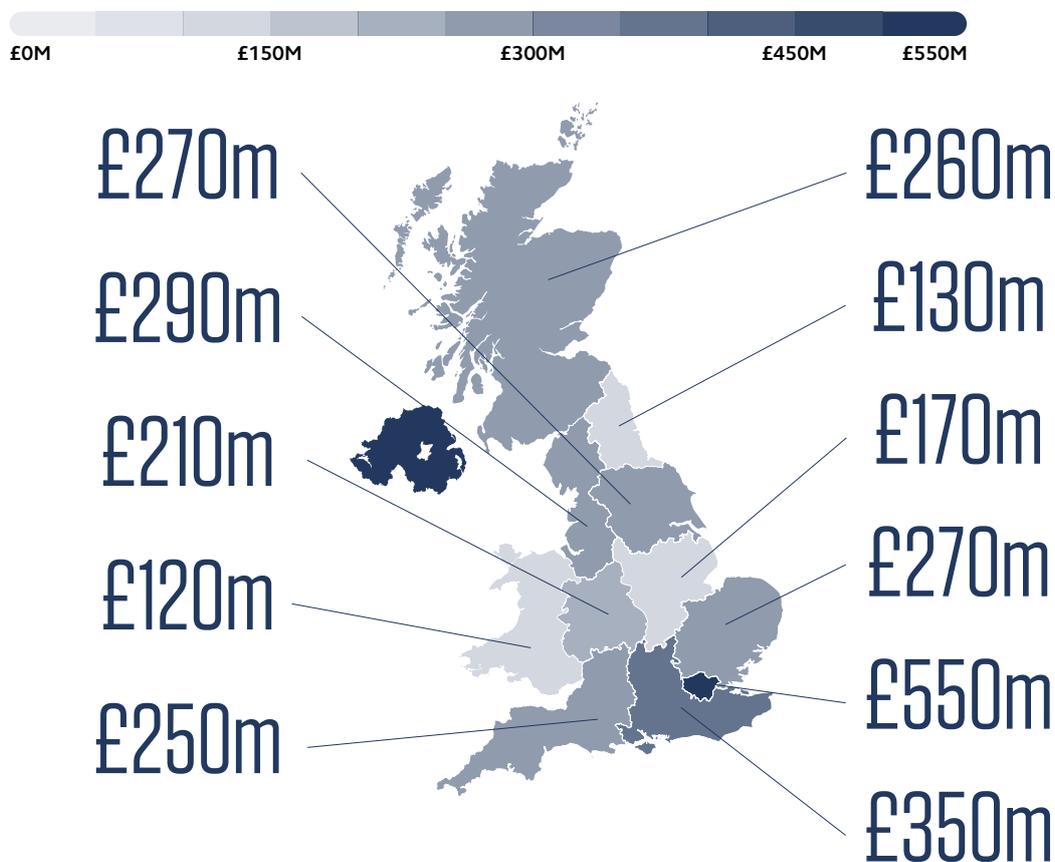
Average per journey spending on outward and, if any, return legs as well as at destination

Spending Category	Per Journey	Leisure Journeys	Commuter Journeys
 Food and drink	£29	£33	£12
 Shopping	£27	£31	£15
 Accommodation	£18	£21	£8
 Entertainment and culture	£11	£12	£5
 Other travel	£10	£10	£9
TOTAL	£95	£107	£49

Benefiting passengers and broader society

The railway brings a range of benefits both to passengers and freight customers who use trains but also to broader society. WPI asked the public and businesses to put a price on how much they value the railway by saying what, if anything, they would be willing to pay in tax to maintain the network.

Estimated value of the indirect benefits to society of the railway by country / region per year



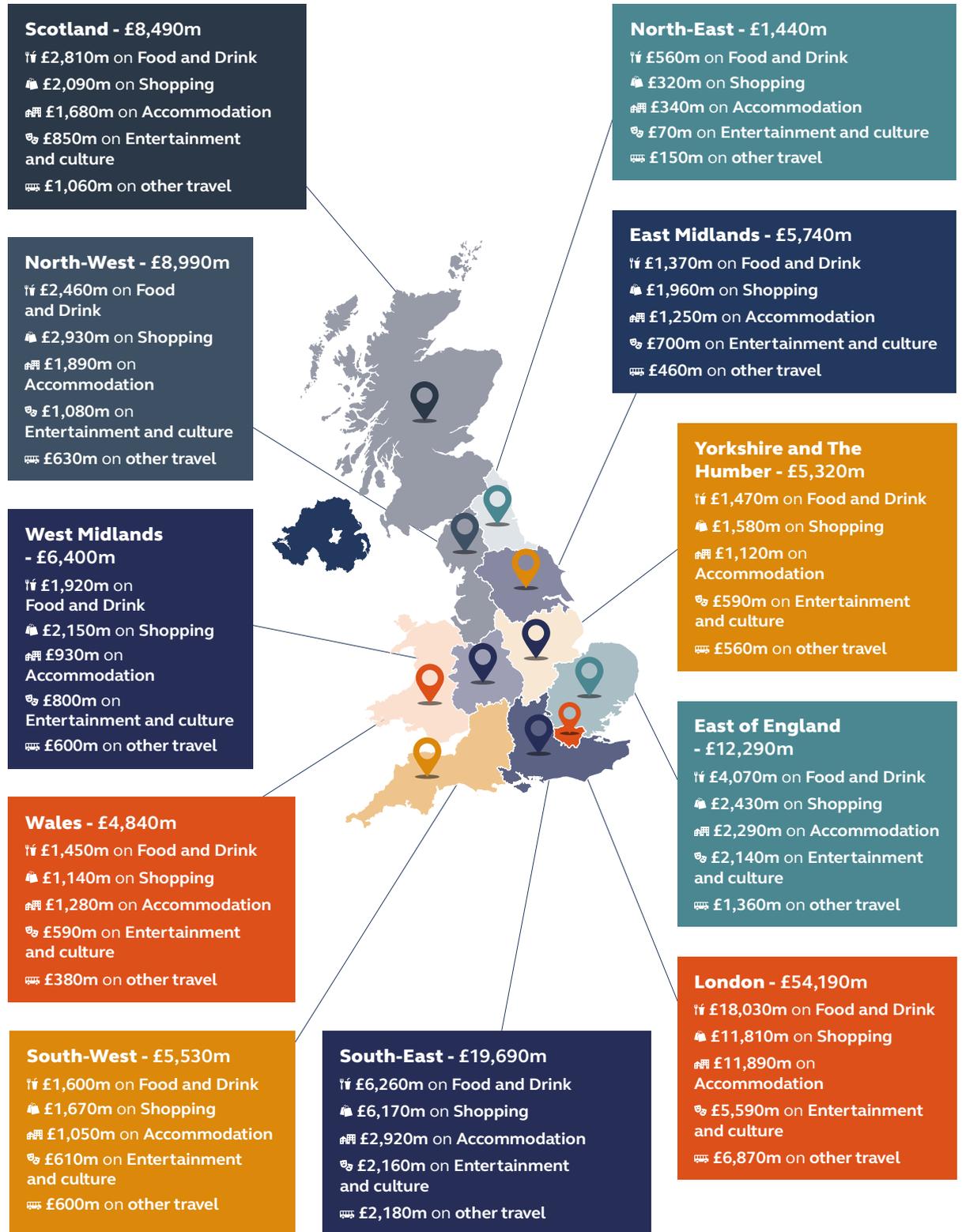
Key benefits

Perceived value

<p>Passengers & freight customers</p> 	<ul style="list-style-type: none"> • Access to work, leisure and other opportunities • Benefits of business travel and moving goods by freight • Ability to work on train 	<p>Passengers £16bn Freight customers £1.65bn</p>
<p>Broader society</p> 	<ul style="list-style-type: none"> • Economic - agglomeration, reduced congestion • Environmental - lower carbon emissions and better air quality • Social - access to services such as education or health, especially for those without a car 	<p>Households £2.9bn Businesses £1.2bn</p>

Spreading benefits nationwide

The benefits of the railway to people, society and the economy highlighted below are seen right across the country. While it is unsurprising that cities see the largest value from rail, the network also plays different but vital roles for leisure destinations, rural areas and towns.



Note: Combined authority figures are included within the regional data, hence totals are more than £133bn

Benefits for Mayoral Combined Authorities

	 Food and drink	 Shopping	 Accommodation	 Entertainment and culture	 Other travel
 Greater Manchester £2,960m	£1,010m	£740m	£520m	£420m	£270m
 Liverpool City Region £1,840m	£740m	£410m	£390m	£200m	£100m
 Tees Valley £340m	£110m	£100m	£80m	£10m	£40m
 West Midlands £2,270m	£840m	£650m	£290m	£240m	£250m
 West Yorkshire £3,170m	£980m	£940m	£600m	£310m	£340m
 West of England £470m	£190m	£80m	£80m	£30m	£90m
 Cambridgeshire and Peterborough £2,070m	£670m	£470m	£370m	£330m	£230m
 South Yorkshire £2,300m	£780m	£650m	£500m	£180m	£190m
 North of Tyne £550m	£150m	£140m	£140m	£60m	£60m



“Being only steps from York train station puts us at a unique advantage, allowing for a seamless journey for our guests who travel to us via rail. We can see first-hand the considerable benefits that rail brings to our city, and we very much look forward to welcoming a return to normal service, and the perks it generates for our local economy and communities.”

Tracy Harrison, general manager at the Principal York Hotel

Getting Britain back on track

Invigorating leisure destinations

The railway makes the ‘great day out’ happen, bringing millions of visitors to seaside towns and leisure destinations every year. In doing so, it injects vital inward spending and helps to reduce disparities in areas that might otherwise be left behind.

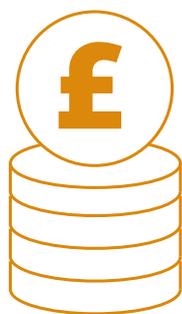
With inbound tourism likely to be suppressed for some time after the pandemic, domestic tourism by train will prove even more vital to these areas.



...it injects vital inward spending and helps to reduce disparities in areas that might otherwise be left behind.



Benefits



Estimated spending by leisure rail passengers per journey to seaside locations

£117

39%

of people spend around or more than half of their money with small or independent businesses

Wider economic, social and environmental benefits of rail to seaside and leisure locations-

£330M

Average spending associated with rail journeys for leisure to a seaside town / leisure destination



Connecting rural areas

In rural areas in particular, the rail network plays a crucial role in reducing social exclusion and connecting residents to services, jobs and other opportunities in nearby towns and cities.

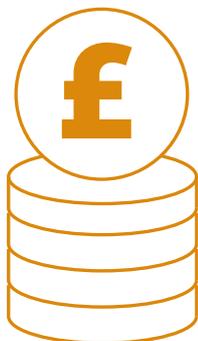
Rail can also boost tourism spending in rural areas. Indeed, in many cases rail is a tourist attraction in its own right, given its heritage and historic value.



Rail can also boost tourism spending in rural areas.



Benefits



Estimated spending per journey by leisure rail passengers travelling to rural destinations -

£83

Wider economic, social and environmental benefits of rail to rural locations -

£490M



Average spending associated with rail journeys for leisure to a rural destination



Connecting Britain's towns

Good transport links connect towns and cities, attracting investment and housing developments.

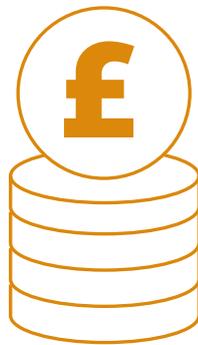
For a growing number of people travelling from towns into cities post-pandemic, rail offers an opportunity to boost productivity where cars can't, with business lounges and on-train connectivity helping people to stay connected and work on their journey.



...rail offers an opportunity to boost productivity where cars can't, with business lounges and on-train connectivity...



Benefits



Estimated spending per journey by leisure rail passengers travelling to a town destination

£76

Wider economic, social and environmental benefits of rail for households in towns¹ -

£1BN

¹Towns that are classified as being within broader conurbations (e.g. Oldham) have not been included in this count.

Average spending associated with rail journeys for leisure with a town destination



Building successful cities

Across the country, cities cover just 9% of land but account for 59% of jobs and 61% of output.

By efficiently connecting large numbers of workers to jobs, rail is the engine enabling innovators, entrepreneurs, researchers, knowledge workers and investors to collaborate and create the conditions for growth on which the economy thrives.

People and firms are more productive as they benefit from co-locating in the well-connected hubs that rail makes possible.

This proximity is central to enabling cities to be the country's social, cultural and creative hubs while also supporting the more efficient use of resources associated with more densely populated areas.

Benefits



Wider economic, social and environmental benefits of rail for households in cities -

£1BN

Average spending associated with all rail journeys with a city destination

Commuting	£12	£8	£8	£6	£10
Leisure	£35	£36	£20	£13	£10
	Food and drink	Shopping	Accommodation	Entertainment and culture	Other travel



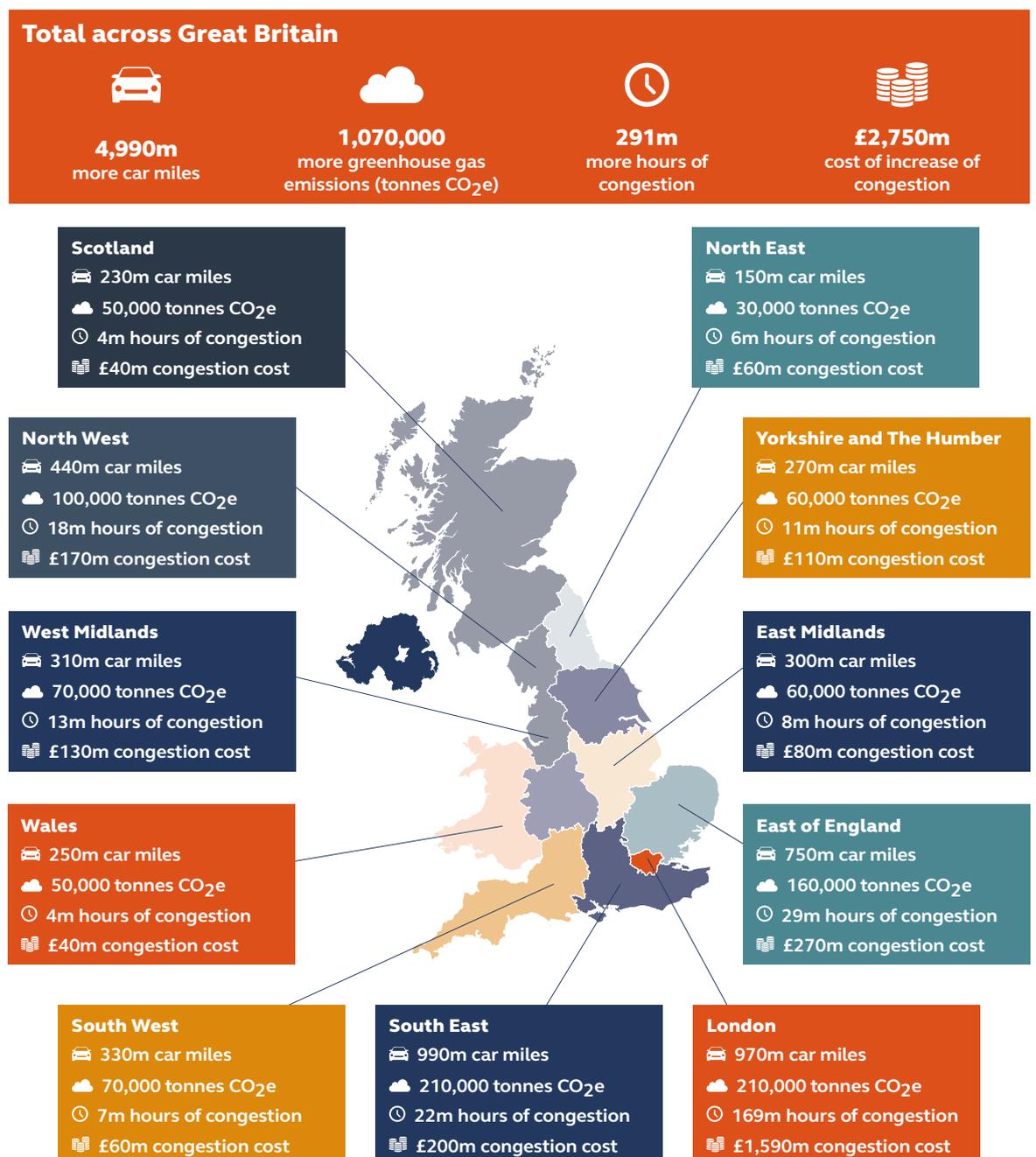
The impact of a car-led recovery

It is clear that the public and businesses are concerned about the environmental and congestion impacts of a permanent shift away from rail.

Given rail's ability to carry large volumes of people and freight while keeping cars and lorries off the road, and the fact that travelling by rail cuts carbon emissions by two thirds compared to going by car, this is no surprise.

To assess the potential impact of a permanent drop in rail usage, WPI Economics analysed the impact on congestion and greenhouse gas emissions for the constituent parts of Great Britain from 20% of pre-pandemic rail usage switching to car.

Annual impact if 20% of rail usage switches to car



Annual impact to Mayoral Combined Authorities if 20% of rail usage switches to car

	 Increase in car miles	 Increase in greenhouse gas emissions (tonnes CO ₂ e)	 Increase in hours of congestion*	 Cost of increased congestion
 Greater Manchester	154m	33,000	4m	£37m
 South Yorkshire	69m	15,000	2m	£15m
 West Yorkshire	172m	37,000	4m	£37m
 Liverpool City Region	99m	21,000	3m	£24m
 Tees Valley	41m	9,000	1m	£13m
 West Midlands	131m	28,000	5m	£47m
 Cambridge and Peterborough	96m	21,000	2m	£23m
 West of England	77m	17,000	2m	£16m
 North of Tyne	57m	12,000	2m	£18m

West Midland Combined Authority area has been used to calculate the figures in the city region table, which explains why they are lower than their regional figures in the previous table. City region figures are a subset of the region/country totals, not additional.

2/3 LESS EMISSIONS BY TRAIN THAN CAR



Making a fair, clean recovery a reality

This report has shown how vital rail is to supporting people, businesses, local high streets and city centres right across the country to recover from the pandemic.

It highlights that rail is crucial to delivering a fair, clean recovery.

A thriving railway will help to level up areas that need better connections to prosper. It will support the drive to net zero by decarbonising transport, the nation's biggest source of pollution. It can bring the nations of Britain closer together.

But these outcomes are far from secured.

The rail industry faces significant change - from pre-existing trends in how passengers travel, from necessary reforms to how the industry is structured, and from lingering concerns about the pandemic.

Analysis undertaken for RDG indicates that it is possible that, in coming years, journeys by train will recover to pre-pandemic levels. However, demand is likely to be different with more leisure journeys and fewer commuters, providing opportunities to run the railway more efficiently for passengers, freight and taxpayers.

In the long-term, we know that rail has a vital role to play in helping the economy to grow stronger and more sustainably than ever before.



A thriving railway will help to level up areas that need better connections to prosper. It will support the drive to net zero by decarbonising transport, the nation's biggest source of pollution.



To deliver the fair, clean recovery the country wants, there are various steps that the rail industry is eager to work with government and other partners to take. These include:

Supporting the development of new rail lines to connect communities and make the railway more easily accessible to more people

Improving the integration between the railway and other forms of public transport, cycling and walking to provide more sustainable end-to-end journeys

Maximising the benefits of HS2

Making Northern Powerhouse Rail a reality

Ensuring that in a reformed railway the private sector has the levers and incentives to successfully kickstart a resurgence in rail travel, as it did after privatisation when it doubled passenger numbers

Reforming regulations to make the fares system better for passengers, driving a modal shift

Bringing forward a rolling programme of work to electrify more of the network and to introduce zero carbon hydrogen and battery powered trains

Adopting policies and incentives to encourage a modal shift including a clear 'polluter pays' approach to transport taxes that drive greener travel choices.

Rail Delivery Group



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