

# Bold plan for tomorrow's railway

Today's decisions must be made with the future in mind

THE Rail Delivery Group is taking the long view in a new report which examines how the railway in Britain might evolve over the next 30 years.

The study follows a 30-year period of unprecedented growth – the 1984 rail passenger total was less than half the modern figure, although the network now is only slightly larger than it was then.

When the increases in rail freight are added to passenger growth, it is clear that today's railway is working very hard to keep up, and there is no sign of a slackening in demand.

The new report from the RDG, entitled *The Way Ahead*, highlights the vital role rail plays in the economic and social life of Britain, and how our approach to strategic planning over the next 30 years will iden-

## Rail enhances the productive potential of the economy by up to £10.2 billion a year

tify where investment in infrastructure or step changes in improvements to services could deliver the biggest rewards to the country.

The report sets out how the LTPP (Long Term Planning Process) works, and explains the importance of taking appropriate action in the short and medium-term while keeping a long-term strategy in focus as well. In other words, today's decisions must be made with tomorrow in mind.

It shows how effective rail industry planning will fit in with wider national needs, enabling economic growth, reducing transport's impact on the environment and improving



There is no sign of a slackening in demand for rail services

### The next steps

Market studies will forecast demand over a 10 and 30 year period for freight and passenger traffic.

Route studies will develop options for all future train services, local as well as long distance, based on the demand forecasts and priorities set by the market studies.

Network-wide studies will consider the requirements of rail users, including railfreight customers, and the potential for technological innovation.

the quality of life for communities and people.

The LTPP also reflects a changing rail industry with new franchises, revised open access opportunities, Network Rail's devolution to nine routes and strengthened cross industry collaboration — demonstrated through the creation of the Rail

Delivery Group. It builds on the progress made with the well established cross industry Route Utilisation Strategies, which first appeared about 10 years ago.

According to a recent report by Oxera, rail enhances the productive potential of the economy by up to £10.2 billion a year.

Paul Plummer, who is chairman of the RDG Planning Oversight Group and also group strategy director at Network Rail, said: "The way we plan for rail's future needs is of huge significance to the country and the main objective of the new Long Term Planning Process is to understand how the railway can serve Britain better.

"The industry is committed to delivering ambitious plans for the railway with a vision that does more than simply fix the past and is working together to create a plan that prioritises investment and places the wider economic and social role of rail as well as rail users at the heart of everything we do."

## Free travel on Poppy Days

VOLUNTEER collectors travelling by train to help raise funds for the Royal British Legion's London and City Poppy Days were given free rail travel this year.

The gesture was part of the industry's continuing support for the commemoration of those who have fallen while fighting for their country, which has not only included free travel but also special announcements on trains and welcoming collections teams at stations.

This year, the offer of free travel was extended to all train companies and applied to all volunteer collectors, including veterans as well as current members of HM Forces.

Each autumn, thousands of uniformed personnel from the Royal Navy, Army and Royal Air Force, and their supporters, travel from around the country.

Getting enough volunteer collectors to the appropriate city locations at the right time is key to its success. Apart from London, the cities of Birmingham, Bristol, Manchester and Plymouth were also major collection points.



This World War One exhibition has been touring major stations since it opened at London Waterloo in August

Speaking on behalf of the rail industry, RDG director general Michael Roberts said: "The railway has a long standing record of supporting our armed forces. We are proud to help the vital fundraising work done by the Royal British Legion across the country for London and City Poppy Days. By offering all their volunteer collectors free rail travel to participating cities we hoped to help make this year's event more successful than ever."

The Royal British Legion said it appreciated the industry's sup-

port. RBL director of fundraising Charles Byrne said: "We are very grateful to Britain's rail industry for the generous donation of free rail travel to all London and City Poppy Day collectors.

"We've encouraged people to dig deep for this year's Poppy Appeal, so we can continue providing our vital support to individuals whether they're still serving, transitioning back to civilian life or have left the Services, and importantly their families too."

To coincide with London Poppy Day, an exhibition telling the story of the vital role Britain's railway and its workers played in World War One arrived at London Victoria on 30 October, before moving to Liverpool Lime Street, and will be at London Paddington in January.

This exhibition has been touring major stations since it opened at London Waterloo in August. It uses original photographs, documents and historical facts to bring to life the contribution of the railway in helping to transport hundreds of thousands of troops and tonnes of equipment.

Produced by the Rail Delivery Group, it also tells the story of the women who kept the network running while men were fighting on the Front Line, sowing the seed of social change in the process.





**'It's important for the industry to be open and frank' says David Brown, chair of RDG's Transparency work stream and Chief Executive of Go-Ahead Group**

# Rail industry 'openness' sets new standards for UK transport

IN nearly all walks of life transparency is an important part of building trust. The reliability of the railway is integral to Britain's economic success and competitiveness. In order to support the investments made in our railway – by government, industry, and local communities – it's right that we are as open as possible about the benefits this investment brings, and the challenges we face to improve services and drive up efficiency.

The Passenger Focus Trust Survey shows that to improve passengers' trust in the rail industry we not only need to get the basic service right day-to-day, but also to put effort into building long-term relationships with passengers.

Long-term relationships need to be based on trust if they're to be successful and positive. So, as part of the RDG, I'm chairing the transparency work stream to increase trust in our industry by providing customers, employees and the public with relevant and consistent information wherever this is possible. No one appreciates being kept in the dark – and we all expect to be trusted to use information we're given responsibly.

By being honest with, and accessible to, our different stakeholders we aim to stimulate an informed and constructive debate about the industry.

As with school league tables, the facts, figures and statistics produced by the rail industry need to be put into context to have any real meaning.

There's really not 'one railway' in Britain but many different ones – serving commuters, intercity travellers, airport passengers, freight operators, holiday makers, business travellers,



and so on. The history of infrastructure and local geography of each route differs significantly – impacting on the train service in the region – so a fuller picture is needed to draw meaningful comparisons. Greater transparency can help paint this picture and increase understanding.

I'm pleased to say that as an industry we've made a commitment to transparency: since July this year we've been putting more of our reports, statistics and raw data into the public domain and we're now making it much easier for individuals

and organisations to access and use our data when developing apps and online tools.

This approach has already borne fruit. We're no longer charging or needing individual developers to have licences to access National Rail Enquiries' real time train information – so we're seeing new apps being created to help people choose journey options that suit their individual needs and make it even easier to get the very latest up-to-the-minute information about their train service. We have seen a 100 per cent increase in

the take up of our industry data feeds by developers as a result of the transparency initiative (July to November 2014). I believe this is just the start – and with easier access to data there will be clever apps and gizmos developed by creative techies that we've not yet envisaged.

I've been encouraged by my industry colleagues' enthusiasm for actively promoting transparency – particularly where it's clear there are benefits for passengers, businesses, stakeholders and funders.

Given that collaboration is at the heart of all successful rail projects there's been very little resistance to overcome culturally. So it doesn't surprise me that we are setting the standard for the transport sector in the UK and we're going further than the rail industry in Europe and elsewhere.

'Doing what it says on the tin' was Ronseal's way of saying 'you can depend and rely on our product – no other explanation is needed'. The phrase caught on. And there's a lot to be said for being upfront and direct about our industry and how we're doing – and where we're aiming to improve. It's also important, to build trust, that we are open and frank especially when things go wrong – which inevitably occasionally they will do. We probably won't be as blunt as Ronseal! But we won't hide.

Being transparent ensures we can be held accountable for our actions and makes us more responsive as an industry. So I'm confident that, in time, our transparency agenda – which is still in its infancy – will play an important part of making our industry one that more people trust.

## FARES EXPLAINED

# Tackling fares myths to help passengers understand where their money goes

**Vast majority of fares money goes back into the railway**

ASK most people about their last rail experience and more than likely they will tell you that the train was on time, they had a comfortable journey and they were quite happy with the service. This is borne out by Passenger Focus whose twice yearly National Rail Passenger Surveys consistently show near record satisfaction levels.

But if you ask the same people about rail fares, you are likely to get a very different response. Even when people have found a good deal, they will often say a friend, colleague or relative was 'not so lucky'.

It all adds up to a perception – common among rail and non-rail users alike – that passengers may not be getting the best deal.

The debate invariably gains momentum at this time of year, when the rail industry publishes new fares that will take effect on 2 January.

So when people are heading back to work after the festive break – suffering from the post-Christmas blues, realising they have spent and drunk too much – some could find they

are being asked to pay more for their journey to and from work.

Fares changes affect millions of people and understandably prompt widespread media coverage and commentary. But it is easy for the facts to be lost amid the dramatic headlines, and passengers – the most important audience – can be left misinformed or confused about the reasons for fare rises.

Anyone renewing their season ticket and handing over their credit card to a member of rail staff in January may not realise that the average season ticket price is set according to a government formula.

Or that this formula has been used by successive governments over the last decade to shift a greater proportion of who pays for the railway away from taxpayers and towards passengers. Figures from the ORR show that passengers now contribute around 60 per cent of rail's running costs.

Helping customers to understand why they pay what they do and where their money goes is becoming increasingly important, not least because the rail industry has just embarked on one of the biggest investment programmes in its history, with Network Rail spending on average £27m a day in maintaining and improving the network.

It is also not widely publicised that Britain's railway now offers some of the cheapest fares anywhere in Europe.



It is good for operators, and indeed the railway as a whole, to be selling more cheap tickets, as it helps attract more and more people to travel by train. The phenomenal rise in journey numbers has helped operators return 400 per cent more money to government than 15 years previously, to reinvest in the railway.

With 97 per cent of money from fares going back into the railway, passengers are helping to pay for improvements – from rebuilding stations and laying new lines to running newer, faster trains and more services.

Rail staff may well face questions from passengers about fare rises in coming weeks – so, on the page opposite, we give answers to some commonly asked questions.



## Which fares increase in January?

Not all of them.

Around half of all fares are regulated. These include season tickets on most commuter journeys, some Off-Peak return tickets on long distance journeys and Anytime walk-up tickets around our major cities.

Between 2004 and 2013, successive governments decided that these fares should rise by an average of 1 per cent above inflation, so that passengers paid a bigger portion of the cost of running the railway and taxpayers contributed a smaller share.

In September 2014, the Chancellor announced that rises to regulated fares for 2015 will be capped in line with inflation – July's RPI of 2.5 per cent.

The announcement followed the government's decision last year to set the average increase for 2014 fares at July's RPI. Both were welcomed by the RDG as good news for rail users – and commuters in particular.

Train companies set the prices of other fares, known as unregulated fares, where there is greater competition with other train operators, coaches, cars or air travel.

Overall, some fares may go up, many will stay the same and some will reduce in price.

## Where does the money go?

The vast majority of revenue from fares pays for services and sustains investment in more trains, better stations and faster journeys.

On average, train companies retain just 3p from every pound in operating margin – 97 per cent of passengers' fares go back into the railway.

## What are the different types of fares?

Apart from season tickets, fares – whether single, return, First or Standard – are grouped into three broad types:

■ **Advance:** cheaper fares that must be booked in advance for a specific train service and can be bought up to the day before travel. CrossCountry currently offers the chance to buy Advance fares for travel on the same day.

■ **Anytime:** can be bought right up to the time of travel and used on any train without any time restriction.

■ **Off-Peak:** for quieter periods of the day, these fares can be bought right up until the time of travel but have restrictions on the time, day or route of travel.

Train companies offer a broad range of fares that meet different needs. By doing so, operators have helped to attract record numbers of passengers to the railway.

On average, journey numbers have risen by 4 per cent a year since the late 1990s.

This has contributed to a fourfold increase in the amount of money being returned by train companies to the government to reinvest in improving services.

# The cost of rail travel makes for easy headlines – but what are the facts?

## MONEY WELL SPENT



## 97% OF YOUR RAIL FARE GOES BACK INTO THE RAILWAY

To find out where the money from your ticket goes, visit [www.railfares2014.com](http://www.railfares2014.com)

Train company operating margins are on average 3%  
Source: Rail Industry Monitor / KPMG  
analysis of train operator accounts

BRITAIN'S RAIL COMPANIES  
WORKING TOGETHER

The RDG is using posters like this to keep passengers in the picture

### QUICK FARES FACTS

- The average price of a season ticket is £2,386 – or £4.97 a journey
- In real terms, the average price paid for a season ticket fell by 2.9 per cent between 2003-4 and 2013-14
- Average price paid per passenger kilometre is 13.3p (equal to 21.4p a mile – up from 20.3p a mile in 1997-98)

## How do fares here compare with the rest of Europe?

The independent rail advice website 'The Man in Seat 61' says: "The big picture is that Britain has the most commercially aggressive fares in Europe, with the highest fares designed to get maximum revenue from business travel, and some of the lowest fares designed to get more revenue by filling more seats. This is exactly what airlines have known, and been doing, for decades."

Research published by Passenger Focus in 2009 showed that Britain had relatively high fares for some types of journeys compared to other European countries. But it also found that we have some of the lowest ticket prices for long distance journeys.

According to a European Commission study, rail passengers have rated National Rail – the system in England, Wales and Scotland – the best major network in the European Union in a league table of 26 EU member states.

Britain also has the fastest growing major railway in Europe with growth outstripping that in countries such as France, Germany and the Netherlands.

Passenger numbers grew 62 per cent in the UK between 1997-98 and 2010-11, compared to 33 per cent in France, 16 per cent in Germany and 6 per cent in the Netherlands.

## What has happened to fares over the past 15 years?

While some fares have increased over the last 15 years, others such as Advance fares have come down in real terms. As a result, the average price paid for a single journey in 2013-14 was £5.17, compared to £5.14 in the mid-1990s.

One average, it costs 25p to travel a mile on a season ticket.

## If the railway cost less to run, would fares stop going up?

A key part of the rail industry's role is to get more out of every pound we spend. By making passengers' and taxpayers' money go further, we can help give the government options of limiting future fare rises, reducing subsidy and greater investment.

We are committed to becoming more efficient in our day-to-day running of the railway. Network Rail has agreed to reduce running costs by 20 per cent over the next five years. The industry as a whole will help reach that target, by changing the way it plans and carries out maintenance and improvement work.

The most recent figures from the ORR shows that government funding for the railway fell by 4.2 per cent in real terms in the year to April 2013, while growth in journeys meant passenger revenue rose by 3.6 per cent.



# Demand for rail travel outpaces economy and employment

By 2019, 2,000 new carriages will be in service on the network with almost a third more peak time seats into major cities

GROWTH in rail travel has outpaced Britain's strengthening economy and rising employment levels, according to new figures.

Latest rail industry data show that in the six months to September, 713 million passenger journeys were made, a 3.67 per cent increase on the same period last year – or over 140,000 more journeys a day. By comparison, figures from the Office of National Statistics (ONS) show that the economy has been growing at 3.2 per cent annually as measured by GDP, while employment has increased by 2 per cent.

The growth in rail travel between April and September follows the 1.6 billion rail journeys that were made in 2013-14 – confirming the transformation of the railway which, after decades

of decline in the second half of the 20th century, is now experiencing levels of demand last seen following demobilisation after World War One.

The figures also show that:

- Journeys being taken in the commuter-heavy London and South East area rose by 3.72 per cent, aided by the growth in employment;
- Increased business travel, an indicator of the strengthening economy, has contributed to a 3.03 per cent rise in long distance journeys;
- Growth of 3.74 per cent in regional journeys suggests that the recovery is also occurring beyond the South East.

Discounting of fares is also encouraging train travel. Journeys made on Advance tickets showed the strongest growth of all ticket types, with a year-

on-year rise of 9.34 per cent – and over the six month period, 28 million journeys were made. Research by KPMG found that discounted fares now account for almost half of passenger revenue – up from 36 per cent 10 years ago.

The rail industry is responding to the growth in passengers by undertaking one of the largest investment programmes in the history of the railway. Between now and 2019, Network Rail is spending an average £27m a day on improving all parts of rail's infrastructure to improve services and create more capacity to carry extra passengers.

By 2018, 2,000 new carriages will be in service on the network with almost a third more peak time seats into major cities – and 20 per cent more in and out

of London planned by the end of the decade.

Other European countries have invested heavily in their railways but none is experiencing the kind of growth seen here.

Michael Roberts, director general of the Rail Delivery Group, said: "Phenomenal growth in rail journeys is helping operators to pay £2billion a year back to government, which in turn is enabling investment by Network Rail in further improving Europe's safest and fastest growing railway.

"By aiming to run more and better services safely, make the railway simpler to use and get more for every pound invested, the industry will not rest in our goal to make Europe's best railway even better."

**Above: A typical off-peak scene at London's Euston station. Discounted fares now account for almost half of all passenger revenue**



Transport Minister Claire Perry and RDG's Michael Roberts (centre) with young apprentices at Waterloo station, London, to mark 40 years of the Railcard for younger people

## Popular Railcard celebrated

TO help celebrate 40 years of the 16-25 Railcard, Transport Minister Claire Perry was joined by Michael Roberts, director general of the Rail Delivery Group, along with seven rail apprentices who cut a special 16-25 Railcard birthday cake.

Introduced in 1974 as the Student Railcard and renamed in 2008 as the 16-25 Railcard, it saves younger people a third off many rail fares enabling them to travel for less to see family and friends – as well as benefiting those in apprenticeships.

Between 1991-2 and 2013-14, the number of '16-25 Railcards' has doubled to over 1.4 million. The number of journeys made using the card has almost tripled to 61.3 million and the average 16-25 Railcard holder now saves around £179 a year off the cost of their train travel.

Michael Roberts said: "Our railway has been transformed beyond recognition since the Railcard was first launched four decades ago. Originally aimed at just students, now hundreds of thousands of 16 to 25 year olds are saving on their travel, allowing them to meet up with family and friends for less."

Claire Perry said: "Railways are a vital part of our long-term economic plan. That is why we are investing record amounts to provide more trains, more seats and more services across the country. This is so that everyone can continue to get the most out of travelling by rail. So it is fantastic to see that the 16-25 Railcard is continuing to play its part in this by helping thousands of young people with the cost of travel."

Commuters across London and the South East are set to benefit from the extension of the Gold Card discount scheme. From 2 January, existing Annual Gold Card holders will have more chances to get discounted off-peak travel to even more destinations and thousands more people will be included in the scheme for the first time. See [www.nationalrail.co.uk/goldcard](http://www.nationalrail.co.uk/goldcard)

## ANY QUESTIONS?

If Railnews readers have any question to ask the Rail Delivery Group – or wish to make any comments about what they have read in this supplement – please let us know by emailing [media@raildeliverygroup.com](mailto:media@raildeliverygroup.com)