



Planning ahead 2010

The long term planning framework






Rail Freight Operators' Association

Train Operators Working Together ATOC

NetworkRail

Contents

Britain's railway already makes a hugely significant contribution to national economic wellbeing. The industry's ambition over the next 25 years is to increase its contribution to sustainable economic growth still further. The best way to do this is to increase rail's market share for both passengers and freight. This means a railway which is even safer and more reliable, with faster journeys, better connections and lower carbon emissions.

At the same time, the industry also recognises the pressing need to provide better value for money. This will mean change in the industry, with a far greater focus on a shared set of goals and incentives, and developing effective processes and structures. But it also means the industry having greater freedom to determine the most efficient way of delivering for passengers, companies that use rail to move their goods and those who fund investment in the industry. Working together, the industry can manage demand and grow revenue, making Britain's railway more financially self-sufficient to the benefit of the nation as a whole.

Achieving this requires a clear strategy. This document, the second in a series in which Network Rail and the passenger and freight operators set out our vision for the railway of the future, aims to make a contribution to the development of that strategy.

Current economic conditions and the constraints on public finances mean it is essential the industry makes both better use of existing resources and an even more significant contribution to sustainable growth. Over the next 25 years more people and companies will want to use rail. The industry faces a challenge to meet this growing demand, and continue to grow its market share, in a way that is provides value for money as well as improving the experience of those who use the railway.

Executive Summary

Our ambition over the next 25 years is to increase rail's significant contribution to Great Britain's economic, social and environmental welfare.

Rail plays an essential role in driving sustainable economic growth, providing access for passengers into and between the major economic centres and fulfilling a vital position in the supply chain to get goods to market.

Our ambition over the next 25 years is to increase rail's significant contribution to Great Britain's economic, social and environmental welfare. We believe the best way to achieve this is for rail to grow considerably, with higher growth in markets where rail has a particular advantage in terms of its contribution to the economy. To fulfil rail's potential and improve its affordability we aspire to deliver by 2035:

- passenger satisfaction levels of at least 90%;
- capacity to accommodate approximately twice as many passengers as today, with reduced journey times, as well as better connectivity between services and between modes;
- improvements in the product offer for freight customers resulting in high user satisfaction and a significant increase in rail modal share;
- levels of reliability and safety that are among the best in Europe;
- a financially sustainable railway through improved efficiency and revenue generation; and
- a reduction in carbon dioxide emissions.

We recognise that the decisions made for the medium term will be taken within the context of the critical need to reduce the budget deficit. The challenge for the industry is to improve the value for money to passengers and the taxpayer while continuing to expand capacity where justified, drive up customer satisfaction and promote sustainable economic growth. For the medium term, we believe we should focus on:

- improving levels of passenger and freight user satisfaction;
- making the railway more attractive to current non-users;
- maintaining the current high levels of safety and performance;
- providing further capacity in a cost-effective and affordable way; and
- improving the efficiency of the whole industry.

We recognise that we must change the rail industry to achieve this. The industry needs to break down barriers to change, becoming more flexible and responsive and delivering ever-better efficiency and productivity. This means making sure there is greater alignment of incentives and a clear set of common goals between different parts of the industry.

We believe change is also required in areas of rail and wider public policy. We recognise that Government should decide what it wants to buy and how much it is prepared to pay, but we believe Network Rail and train operators should be encouraged to work in closer partnership with greater freedom to determine the most efficient way to deliver what passengers, freight users and funders want. This should include freedom to manage demand and grow revenue, which will make the industry more financially self-sufficient.

The initial industry workshop as part of Sir Roy McNulty's Rail Value for Money study highlighted the need for a clear strategy and this document aims to contribute to the development of such a strategy. We set out in this document our view of the longer term opportunities for rail to contribute to sustainable economic growth. We fully acknowledge the current difficulties of the economy and constrained public finance and look to make best use of our resources in the short term. This must also be part of a wider strategy to enable rail to serve continuing growth in demand and attract new customers from other modes through a combination of affordable measures to deliver extra network capacity, enhance the overall user experience and improve the economics of rail – all supported by effective industry processes and structures.

1. Introduction

We want to see a railway of which Britain can be proud, acclaimed as one of the leading rail systems in Europe and delivered by people who take evident pride in what they do, day-in, day-out. The railway will be more customer-focused and as a result will have increasing market share and satisfaction ratings, making its transformation into a network that is integral to a broader transport system fit for the 21st century – not just serving the needs of passengers and freight users, but providing wider value to Britain as a whole. (Planning Ahead, June 2009)

1.1
This document is the second in the Planning Ahead series published by the rail industry, represented by Network Rail, the Association of Train Operating Companies (ATOC) and the Rail Freight Operators' Association (RFOA). It sets out a view of where the industry believes the rail market will be within 25 years, as an input to the medium term planning of railway outputs and funding by the industry and Government, and the regulatory review process. It is also meant to inform the Rail Value for Money study being led by Sir Roy McNulty, as well as this year's comprehensive spending review.

1.2
The current severe constraints on Government funding are rightly driving active scrutiny of existing rail investment commitments and the need for greater industry cost efficiency. These developments do not remove the need to plan ahead now for the medium and long term development of the railways, though they will influence its shape. Instead, they are an essential prerequisite to continued planned investment in rail, to make certain such investment is value for money and affordable, and that, as an industry, we are focussed on the most important priorities.

1.3
In fact, despite the recession of 2008-09, the railways have continued to see growth across many market sectors. Looking ahead, further population growth, increasing road congestion, and changes in employment, travel markets and the world's manufacturing base are set to provide the potential for rail to increase the revenue it generates through greater passenger numbers and freight traffic volumes. Together with an increasing national focus on reducing our environmental impact, these factors present a valuable opportunity for rail to play a bigger role within an integrated transport system.

1.4
Over the next 12 months we will be providing further advice to the UK Government and to Scottish ministers in developing their High Level Output Specifications (HLOS) and we will set out the detail of our proposals for beyond 2014 in the Initial Strategic Business Plan (ISBP) in June 2011. We will also continue to provide extensive input to the Rail Value for Money study and all parts of the industry will need to take responsibility for implementing recommendations.

1.5
It is too early to be definitive about individual projects which should be delivered but it is important to outline the potential priorities for investment. Given the current economic circumstances, they are particularly influenced by:

- where there is a good financial business case for investment, reducing longer term industry costs and improving value for the taxpayer;
- when the investment enhances national or regional economic growth;
- where there are significant synergies between identified solutions, for example electrification coinciding with rolling stock replacement.

1.6
The industry has well-established processes for analysing these priorities which will then inform the right choice of initiatives, recognising that Government has a key role to play in deciding "what" it wants to buy and how much it is prepared to invest. The relevant parts of the industry will then need to take responsibility for identifying "how" best to deliver the outputs which the country requires. The development of the resulting industry strategies will be a major focus for our work leading towards the Initial Strategic Business Plan.

1.7
In developing this document we have sought input from key cross-industry working groups including National Task Force, the Sustainable Rail Programme and the Technical Strategy Advisory Group. We have also drawn on the analysis and evidence from the Route Utilisation Strategies (RUS). A number of supporting documents summarising these various inputs can be found on the websites of Network Rail and ATOC.

2. A long term ambition

The Eddington study warned that "congested cities, crowded trains, delays at ports and queues at airports are not just a nuisance to individual travellers; they are also a tax on the productivity of businesses and a deterrent to inward investment. In due course, such factors become a brake on economic growth and employment". (Eddington Review, 2006)

2.1
Rail has a central and growing role in the development of a sustainable transport system, responding to market needs by providing services that passengers and freight users want, at an affordable price and with minimal adverse impact on the environment. This is in line with the sustainable development objectives of the Department for Transport (DfT) and Transport Scotland to promote economic growth, social progress and environmental improvement, which together provide the framework for prioritising rail investment.

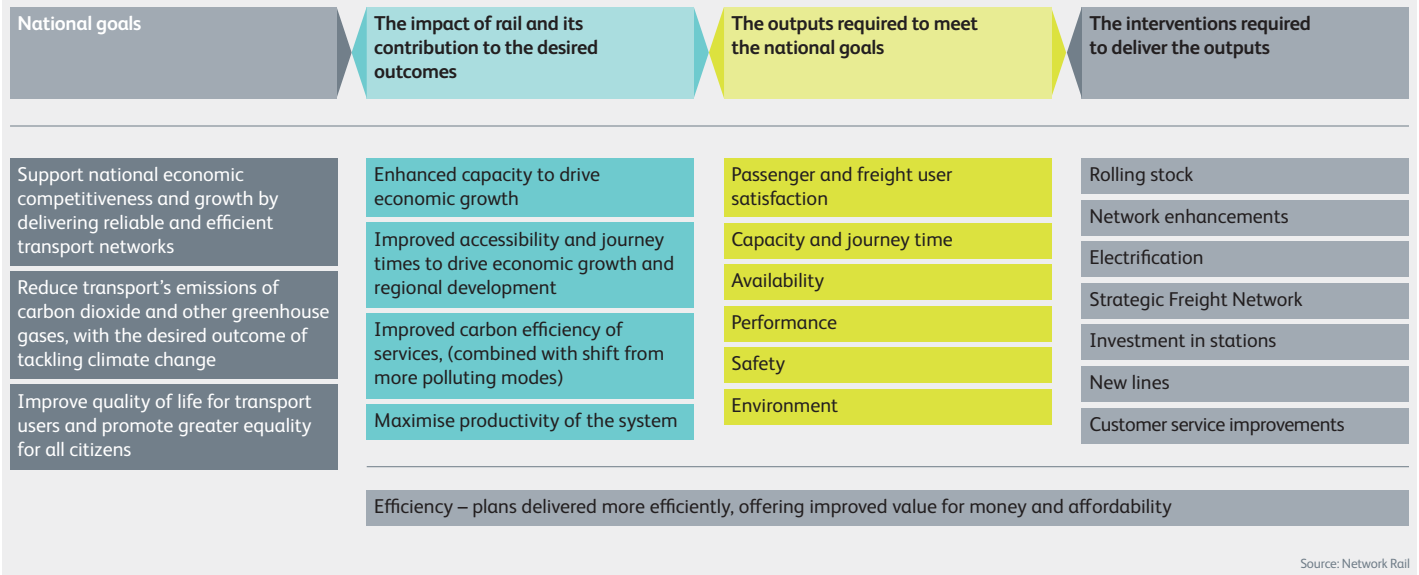
2.2
Figure 2.1 shows how rail can contribute to these national goals, the outputs which underpin that contribution and the types of schemes needed to deliver those goals. The proposed outputs rest on the foundation of the industry continually improving the efficiency and effectiveness of how it operates and enhances the railway.

The impact of rail and how it can deliver the desired results

2.3
Rail has a vital role to play in the delivery of Britain's economic, social and environmental goals:

- **Economic growth through enhanced capacity:** Rail capacity is an important means of promoting economic growth. Especially on busy commuter routes, additional capacity (increased length or greater frequency of trains) delivers a range of economic and social benefits, as it allows more people to travel. For goods and materials, an efficient logistics chain helps to improve UK competitiveness. Targeted expansion of capacity over the next 25 years is key to delivering economic benefits in the most cost-effective and affordable way.
- **Regional development stimulated through improved accessibility and journey times:** Reducing journey times between major towns and cities provides significant benefits to society and the economy. The recent New Lines study and Government work on High Speed Rail demonstrated the benefits of a reduction of almost an hour in journey time from London to Manchester, as a result of the construction of a high-speed line, and this would have a profound impact on business development in both cities.
- **A carbon friendly transport system:** Rail has significant environmental benefits over other modes and the larger the size of the passenger and freight market, the greater these benefits become. We can deliver this productivity increase through a combination of technical improvements to reduce emissions, greater operational efficiency, and targeted investment. The rail industry is already actively pursuing means to reduce its carbon emissions, for instance by increasing use of regenerative braking, which has reduced electricity consumption by 20% on some service groups. This is supported by our commitment to the rail industry Sustainable Development Principles.

Figure 2.1 National transport goals and rail's priority areas



Source: Network Rail

Figure 2.2 Rail's current and possible future position in different transport sectors

Source: Network Rail and Association of Train Operating Companies

– **A productive transport system:** By focusing on rail's overriding strength in being able to carry a large amount of passengers or freight over long distances, and by seeking to make the most effective use of our resources, we can exploit to the maximum rail's ability to deliver carbon emission reductions across the transport sector as well as provide important economic and social benefits.

2.4
The vision for the railway, as stated in the DfT's *Delivering a Sustainable Railway* White Paper (2007) and *Strategic Freight Network Longer Term Vision* paper (2009), Scotland's *National Transport Strategy* (2006) and *Scotland's Railways* (2006), and *Planning Ahead* (2009), is to address the opportunity presented by the projected doubling of today's passenger and freight demand over the next 25 years.

2.5
Delivering a high-quality product to passengers and freight users, whose expectations will rise over time, is essential to meet this ambition. We need to retain existing passengers and freight customers as well as continuing to win new business, by delivering consistently across all areas of punctuality, reliability, availability, provision of seats, journey time, passenger information and price, particularly in the core markets where rail competes most effectively.

Rail's core markets and strengths

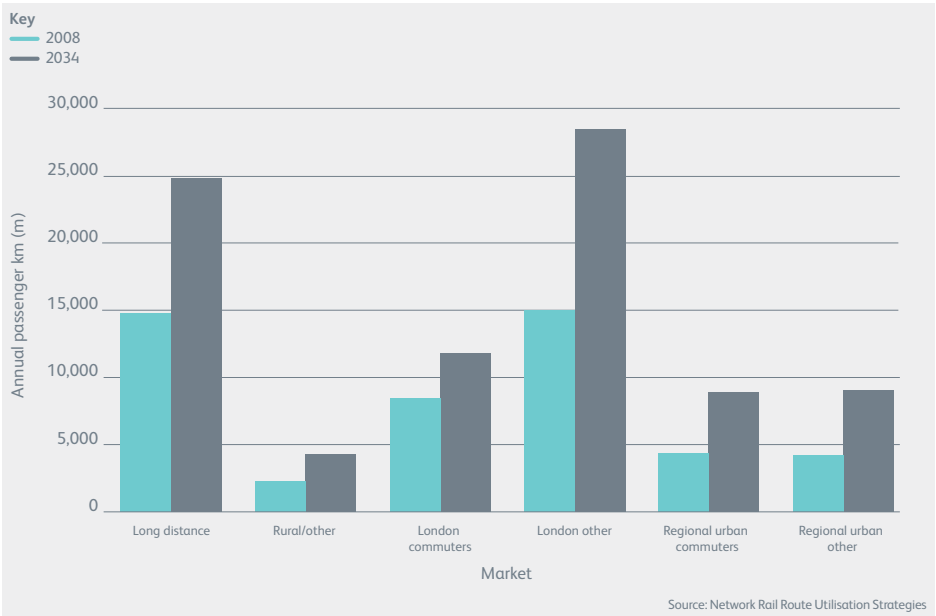
2.6
Rail already has a strong share in certain markets, especially commuting into central London and increasingly, other major cities; high speed and long distance travel and the movement of bulk freight and container traffic. In other markets, such as shorter distance freight and rural passenger, rail has a much weaker position than road (although, for example in rural areas, it does play a part in promoting social inclusion). Urban transit, whilst historically a rail operation, is now dominated by the bus and car, and in a number of cities, light rail or tram.

2.7
The key to enhancing rail's contribution to sustainable development is to enable it to serve both the growth in passengers caused by changing employment and population patterns and to capture a greater part of the transport market, through a combination of service changes, rolling stock, infrastructure investment and other improvements to the overall rail product. Figure 2.2 indicates nationally where rail already has a strong share of the market and those markets where rail has significant potential to grow (represented by the deeper colours in the top and bottom rows respectively).

2.8
Looking ahead, we expect changing population and employment patterns to drive continued background growth across all rail passenger market sectors over the next 25 years as shown in figure 2.3. The two passenger markets where the growth rate is set to be substantial are regional and urban commuter and long distance. In some market sectors, such as London commuter, rail is already mature and its modal share is not likely to change significantly; but in others, especially regional urban commuter and long distance, there is considerable potential for rail's modal share to grow.

2.9
In the freight sector there is continued opportunity to grow the deep sea intermodal traffic, both in terms of growth in the whole market as more goods are manufactured outside of Europe and in terms of modal share (currently 25%). There are also opportunities in the Channel Tunnel market and domestic sectors where rail market share is currently very low.

Figure 2.3 Rail passenger km forecast growth 2008 to 2034
Excludes additional demand stimulated by future improvements to the rail service



Source: Network Rail Route Utilisation Strategies

Long distance

2.10
Rail has a particularly strong presence in the long distance interurban market. On key corridors, such as the West Coast route linking London and Scotland (figure 2.4), rail represents 20-30% of the market. Since the mid 1990s, the market has grown on average by over 3% per annum, and now represents approximately 30% of all rail passenger kilometres travelled. Under the two most likely scenarios in the Network RUS: Scenarios and Long Distance Forecasts, growth of some 70% was forecast across all corridors by 2034. This growth, which could be served through targeted capacity enhancements, would see the overall share for rail within this market increase modestly from 28% to 31%: our vision is to seek greater market share through further improvements which would attract additional long distance customers to rail.

London Commuter

2.11
Rail has a very strong role in the provision of transport across the central London commuter market, currently delivering daily almost 600,000 passengers into central London in the morning peak – approximately half of the overall public transport share of 90% (figure 2.5). Rail's share is unlikely to increase significantly in the long term as there are few journey opportunities that are realistically transferable from other modes, but growth is still forecast, largely driven by an expansion in central London employment and population trends. Over the last decade the London commuter market has reflected London employment growth, growing by approximately 1.5% per annum. With a London Plan prediction of 25% and 35% growth in central and inner London employment to 2034, rail demand is predicted to grow slightly ahead of this at up to 40%.

Other London and South East

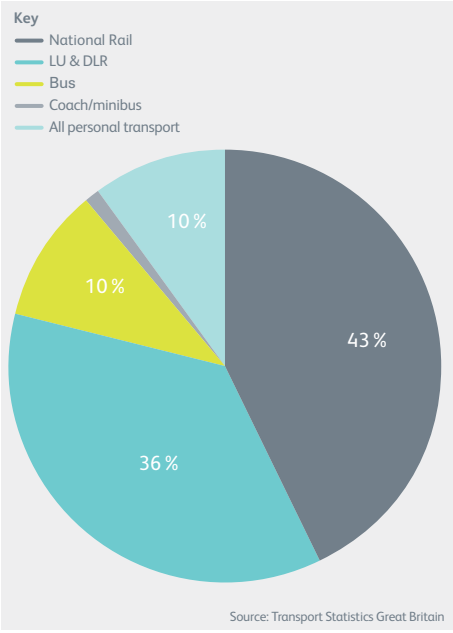
2.12
This market is largely represented by off-peak flows to London plus commuting into other employment centres across the South East. The market has seen high growth rates, partly due to rail's increased attractiveness compared with alternative modes (due to increasing road congestion, and better journey time and comfort) and partly because the growth can be accommodated, unlike in the peak commuter period. Long term growth is predicted to remain strong, at an approximate rate of 2.5% per annum, or 90% by 2034. This growth will make an important contribution to industry efficiency through utilising resources between the peak periods.

Regional Urban Commuter

2.13
While individual commuter markets outside of the London area, such as Glasgow, Manchester, Leeds, Birmingham and Bristol, are smaller than the London market they have shown considerable growth over the last decade. This is due to

Figure 2.4 Long distance passenger corridors

Figure 2.5 Central London morning peak mode share 2008



sustained and substantial investment in the improvement of the commuter railway, increasing road congestion in city centres, structural employment changes and changing travel patterns such as longer distance commuting (figure 2.6). An increase in demand of over 100% is forecast by 2034, due to the continued impact of these trends, combined with general market growth, representing a significant element of overall forecast passenger growth. This should see rail increase its market share (typically less than 10% in these areas) at the expense of commuting by car, bringing with it a wide range of economic, social and environmental benefits to the regions.

Other regional and rural markets

2.14
Both of these markets represent small sections of the national rail market which together account for approximately 15% of the national passenger kilometres travelled by rail. They are forecast to experience significant growth, ranging between 90% and 115%, over the period until 2034.

Freight

2.15
Demand for rail freight has grown strongly over the last decade, with a relatively stable market share. This traffic has suffered during the recession due to the fall off in trade across the world's economy (although intermodal traffic has continued to grow virtually throughout the recession), but current long term forecasts suggest a recovery. Freight traffic is expected to grow from 11.5% to 20% of the market over the coming 25 years, as a result of the environmental benefits of rail transport gaining in importance, increasing road congestion, and consistent focus and investment by freight operators to make sure that their markets are served reliably and effectively. The changing nature of the freight market in Britain – which reflects structural changes in the import and export market, economic growth and the differential growth of urban areas – means that it is difficult to be certain about the nature and size of freight markets. However, the forecasts agreed by the industry's Strategic Freight Network Stakeholder Management Group point to a doubling of freight tonne km to 2030. Figure 2.7 sets out the forecasts to 2030 for each commodity market.

Figure 2.7 Strategic Freight Network forecasts

Billion tonne km

Commodity	2006	2030
Solid fuels	8	5
Construction	4	5
Metals & Ore	3	3
Ports non bulk	4	17
Domestic non bulk	1	12
Other	3	3
Total	**23**	**45**

Source: Strategic Freight Network Stakeholder Management Group

Key long term outputs

2.16
In order to develop rail's full potential, we need to make rail a more attractive option in its core markets while sustaining its relative strengths as a safe and green form of transport. Our ambition is to deliver a range of key outputs over the longer term, set out below, through a strategic approach bringing together a number of elements:

– meeting rail user expectations in terms of service reliability, availability, frequency, capability and journey time, through a range of network measures – getting more out of existing infrastructure (from timetabling to signalling), replacement and additional capacity (such as rolling stock and enhancements to existing infrastructure) and new lines (potentially small scale conventional as well as large scale high speed);

Figure 2.6 Morning peak arrivals at a selection of regional cities

– improving the overall user experience through a package of investment to enhance the quality of the onboard and station environments, improve passenger information (real time, during disruption and on fares), provide a range of ticket formats to meet key needs (such as e-tickets, smartcards and on mobiles), wider customer service (through well trained, motivated staff) and enhanced information systems for freight tracking and booking;

– improving the economics of rail through better unit cost efficiency so we are better able to afford to invest in improvements where justified, but also fares policy which helps fund investment, is seen as fair and simultaneously attracts custom while better matching demand to capacity. It is also important that Government implements other key policies, such as fairer pricing across all modes including road and air, timed to coincide with targeted additional rail capacity to serve any resulting modal shift;

– ensuring industry processes and structures support the above areas for example, franchise reform (through changes in length and greater role for operators in some areas) but also close integration between the High Level Output Specification, Strategic Business Plan and future franchises (there are seven franchises to be replaced by the end of Control Period 4 (CP4), the regulatory funding period between 2009 to 2014 and eleven more by the end of Control Period 5 (CP5), the regulatory funding period between 2014 to 2019).

Passenger and freight user satisfaction

2.17
High levels of customer satisfaction are key to the success of the railways. The industry formally measures passenger satisfaction bi-annually through the National Passenger Survey. This has shown a trend of improved satisfaction across the network, with a record 83% of passengers satisfied with their journey in the Spring 2010 survey. Recent research published by Passenger Focus identifies the top five passenger priority areas for improvement as value for money, punctuality, level of service, availability of a seat and information during delay. Priorities vary by passenger type (commuter, business and leisure) but overall expectations about service quality can be expected to grow over time and rail will need to respond, where there is a good economic case to do so, if it is to retain these customers.

2.18
We also believe that the industry should strive to tackle the things which act as a barrier to attracting new customers to rail. We commissioned the University of Southampton (November 2009) to review the current state of knowledge in this area. They identified three types of barrier:

– hard barriers, which are relatively straightforward to measure and will affect travellers in a particular flow. They include travel time, reliability, service frequency and timetabling, interchange, network limitations, cost, station access and egress, ticketing complexity and interavailability, limited competition and the inherent unsuitability of some trips for rail;

– soft barriers, which are harder to quantify and will vary in size and importance between different types of people. They include perception of service quality, car dependence, convenience and freedom, lack of control, journey planning requirements, information provision, station facilities, security, staff presence, comfort, crowding, image of public transport, weather and safety;

– complementary barriers, which relate to the impact on travel choices of people's activities, lifestyle choices and wider factors. They include trip chaining, habit, individuality, health and disability, age, ethnicity and faith, goods and baggage, locational preferences, influence of employers, technological development, sub-optimal market prices and environmental attitudes.

Our ambition is to deliver a rail system in which at least 90% of people are satisfied with their journey, covering all major aspects of performance, quality and price.

2.19
The research suggested three areas which could achieve quick wins in terms of modal shift:

– providing targeted packages of improvements for small groups with particular potential for modal shift, focussing effort where the existing rail service appears competitive but has a lower share of traffic than would be expected;

– seamless passenger journeys from origin to destination, for example, through improved integration of station access and egress with the rail journey;

– targeted publicity and effective public relations to improve the perception of the rail industry, for example, highlighting the cheap fares and fast journey times that exist.

2.20
The Office of Rail Regulation's (ORR) freight customer survey, published in July 2010, identified the potential for growth if the market can deliver improved key customer requirements, primarily competitive prices, responsiveness to customer needs and reliability of service. Other barriers to modal shift include the lack of terminal capacity in some areas and journey times that are not comparable with road travel. Despite this the survey revealed that rail freight has been less affected by the current economic climate than other modes of transportation and that high levels of customer satisfaction (74%) were expressed with freight industry organisations with which rail freight customers were in regular contact, both factors suggesting the strong potential for growth in the sector.

Capacity

2.21
Providing extra capacity will support economic growth by facilitating efficient and sustainable movement of people into and between major economic centres and fulfilling a vital position in the supply chain to get goods to market.

Long distance

2.22
Enhanced capacity to accommodate growth will be needed on some long distance corridors. This can be provided in various ways such as train lengthening, where more rolling stock is available, specifically for services operating in the shoulder peak or off-peak periods, and relief of specific infrastructure constraints, with works most efficiently delivered by coordinating with major resignalling work. Building new lines offers a further option to increase capacity, as well as scope to reduce long distance journey times significantly where these lines enable the operation of high speed trains. Journey times can also be improved on the existing network as capacity is released. Such opportunities would further enhance the attraction of rail compared with other modes, stimulating demand beyond that forecast through background growth.

London Commuter

2.23
Infrastructure on many suburban routes is capable of accommodating 12 car trains, with some routes yet to be operating at this maximum length. Train lengthening would be the first step in providing additional capacity. The next step would be to expand the rail network at key pinch points with further options in the longer term

centred on the removal of the need for terminal stations by tunnelling under the city, joining up services from both sides. This follows the principles adopted by the Thameslink and Crossrail projects. Enhanced capacity at certain major stations will also be needed to improve the movement of increased numbers of passengers and remove the risk of delays and increased journey time due to station congestion.

Other London and South East

2.24

In response to increasing demand, additional capacity can usually be provided utilising the resources serving the central London peak, therefore at a relatively low incremental cost.

Regional Urban Commuter

2.25

Growth can be accommodated in some areas by continued train lengthening with capacity enhancements required in others to relieve capacity constraints that affect both the quality (for example in terms of journey time) and capacity available for local commuter services. Improvements have also been identified for rail infrastructure between major cities to enable the enhancement of service capacity, quality and improved journey times.

Other regional and rural markets

2.26

Generally, growth can be accommodated because the combined existing capacity of infrastructure and rolling stock is configured around the higher demand peak passenger and freight flows. Where little growth is expected, rail outputs should continue to be delivered at minimal cost, with opportunities offered by initiatives such as the Community Rail Partnerships, to encourage increased usage of existing services to improve overall value for money. In the longer term, alternative types of rail service such as light rail or tram trains could benefit these markets with locally specific initiatives, supporting the local economy and environment by delivering an alternative to 'heavy' rail.

Freight

2.27

The Strategic Freight Network (SFN) is the vision for accommodating freight growth over the next 30 years. It is a framework to develop and enhance existing classic lines that align with key trade routes with the capacity and capability to provide for longer trains, appropriate axle loads, gauge for traffic that needs to use it, diversionary routes and electrification in line with the vision in the Network RUS. The SFN also seeks to reduce conflicts between passenger and freight traffic by utilising less congested lines, grade separation, and to minimise freight movements via London (unless the origin or destination of the flow is in London itself). The first steps to developing this SFN have been made in CP4, but further work is necessary. This will include W12 gauge on specified SFN routes where high demand is forecast for containers and refrigerated units, and capacity enhancements particularly driven by the interaction between passenger and freight services. If new lines are developed for high speed passenger services, freight would benefit from the released capacity on existing lines.

Our ambition is to provide capacity which delivers value for money as part of a wider strategy to serve a doubling of demand for rail over the next 25 years and increase its share of all passenger and freight movement.

Performance

2.28

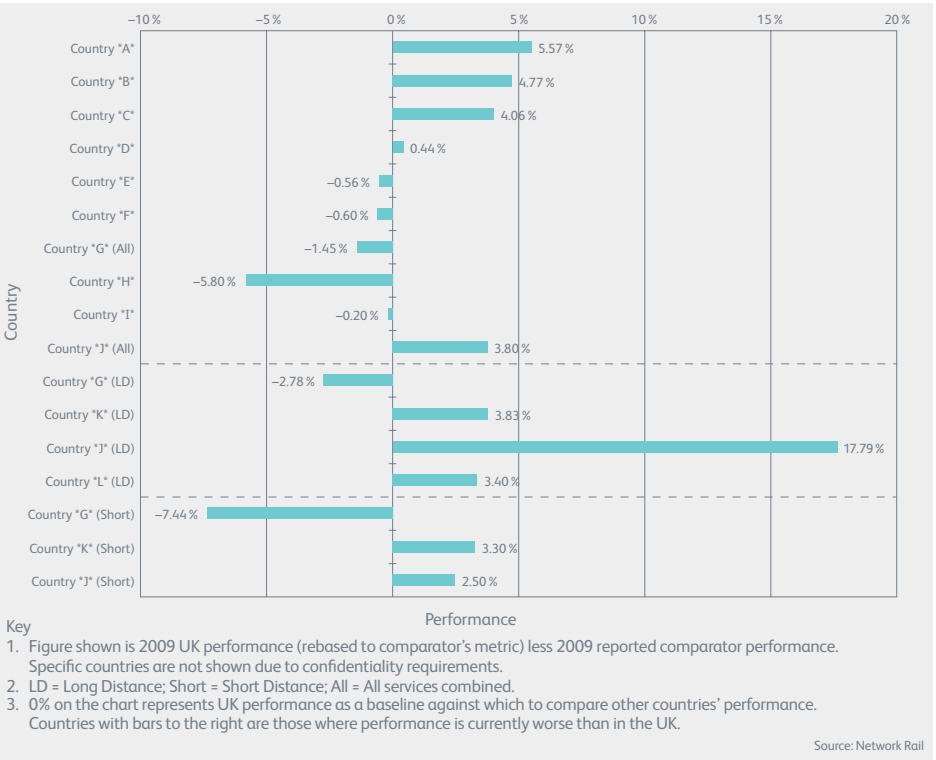
The rail industry has made significant progress in improving train service punctuality and reliability. The Public Performance Measure has reached a record level, and it is expected that the challenging performance targets in CP4 will continue to be achieved or exceeded (the industry has committed to delivering a national target of 92.6% for Public Performance Measure by 2014 in England and Wales and 92% in Scotland). In the longer term there may be scope to improve performance further still by focusing efforts on the remaining poorer performing operators and/or routes.

2.29

A study has taken place into the comparative performance of the UK railway compared with 12 other European railways. This shows that when measured on a like-for-like basis, UK performance in 2009 exceeded that of seven of the comparator operations, as shown in figure 2.8. The planned level of performance in the UK for the end of CP4 is expected to exceed that currently experienced in all but two of the comparators (it is not possible to compare with future improvement in other countries because proposed trajectories in those countries are unknown).

Our ambition is for punctuality and reliability to be amongst the highest in Europe.

Figure 2.8 UK rail performance compared with European countries



Key

1. Figure shown is 2009 UK performance (rebased to comparator's metric) less 2009 reported comparator performance. Specific countries are not shown due to confidentiality requirements.
2. LD = Long Distance; Short = Short Distance; All = All services combined.
3. 0% on the chart represents UK performance as a baseline against which to compare other countries' performance. Countries with bars to the right are those where performance is currently worse than in the UK.

Source: Network Rail

A more affordable railway

2.30
In recent years, rail has carried much higher passenger and freight traffic volumes, and seen major investment in infrastructure and rolling stock. Revenues have grown to help fund the higher cost of running and developing the network to cater for this demand, but so too has public funding, whose share of the total cost of the railways rose to a high of approximately 50% in 2006/07.

2.31
Public funding for rail can be justified where it helps capture the wider benefits to the country, such as the relief of road congestion. However, in the context of severely constrained public finances, it is vital that such funding is seen to deliver real value for money – by delivering either the same level of benefit for less money, or greater benefit for the same level of funding.

2.32
The industry has already begun addressing this issue. By 2014, Network Rail is due to have improved its cost efficiency by 45% from a 2003/04 base; and while total spending on train operating costs have risen since privatisation, passenger train operators have cut their own costs per train-mile by about 3% per annum over the past five years. These developments are contributing to a fall in the cost per passenger km as shown in figure 2.9. At the end of Control Period 3, operating costs (excluding enhancements) were 23p per passenger km, and passenger revenue was roundly 50% of operating costs. By the end of CP4, total operating costs are expected to fall to 18p per passenger km, and passenger revenue will cover 70% of these operating costs. This represents a reduction in operating subsidy per passenger km from 11p per passenger km to 6p per passenger km.

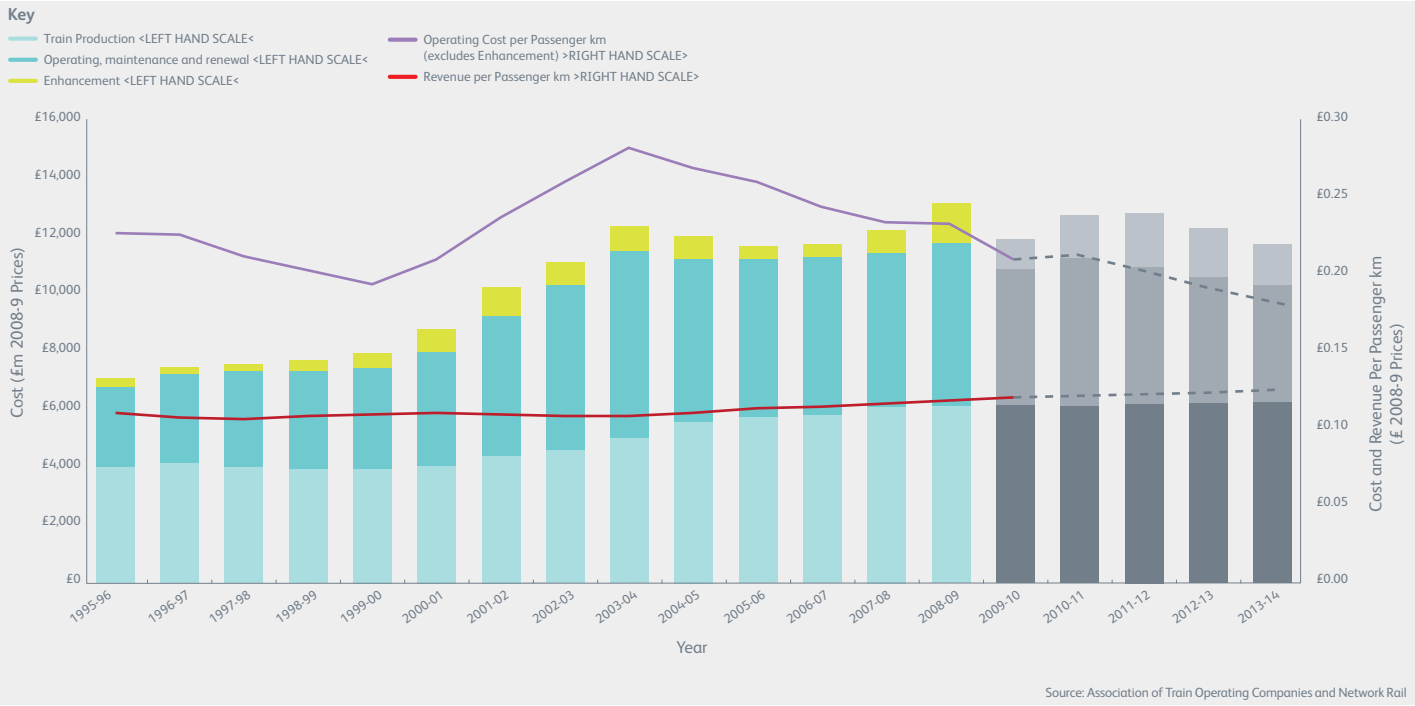
2.33
Rail freight operators, in active competition with each other and other modes, have also improved their efficiency.

2.34
It is clear that rail needs to do much more if it is to become increasingly financially self-sufficient and so more affordable. The scoping study report of the McNulty Review, published in March 2010, has raised significant questions about how far the British rail industry as a whole is delivering value for money.

2.35
These need to be addressed and the review is a key opportunity to establish what our goal should be in terms of value for money, taking into account experience in overseas railways and other sectors. But it must also be the spur for greater action to improve the affordability of rail through action on several, mutually-supporting, fronts – more focus on delivering outputs which generate maximum return to the economy; faster reduction in industry-wide costs; sustained growth in revenue; and improving the attraction of rail to private investors.

Our ambition is to achieve major improvements in industry-wide cost efficiency and reduce our call on public funding (other than where it is justified by investment which generates wider benefits), so that the railway as a whole becomes increasingly financially self-sufficient.

Figure 2.9 Industry costs and revenue 1995-6 to 2013-14



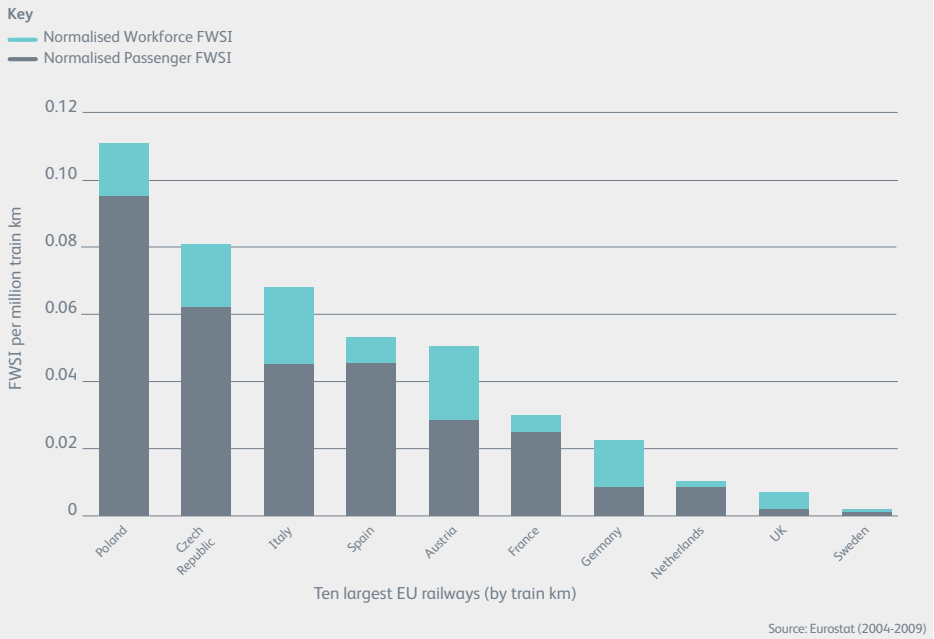
Source: Association of Train Operating Companies and Network Rail

Safety

2.36
Safety levels on the railway are amongst the highest in Europe (see figure 2.10). The rigorous focus on safe working practices in infrastructure maintenance and renewal, the process of safety verification, and the management initiatives to focus on workforce and passenger incidents have contributed to this high position. Continued compliance by the industry with its legal obligations, together with ensuring that risk is reduced so far as is reasonably practicable, should be the primary means by which safety improvement is managed in the medium term and beyond.

Our ambition is to continue to be one of the safest railways in Europe.

Figure 2.10 Comparable European Union railway safety performance



Source: Eurostat (2004-2009)

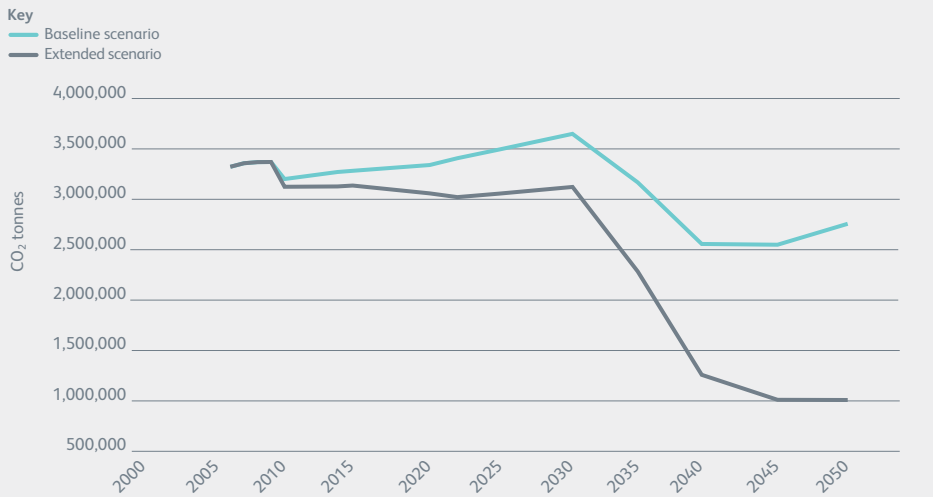
Environment

2.37
The rail industry is committed to reducing the range of impacts which it has on the environment, the most important of which is its contribution to climate change, generated predominantly by the electricity or diesel needed for traction. We believe a 50% reduction in carbon dioxide emissions is possible in the longer term, building on recent progress in reducing the carbon impact of rail through electrification, the use of cleaner fuels, and delivering further energy efficiency improvements. Our ambition to increase rail's market share would have the added environmental benefit of reducing overall emissions of the transport sector as a whole by attracting demand away from less environmentally-friendly modes. For example modal shift for freight from road to rail can provide a carbon reduction of 70% per tonne.

Our ambition is to enable rail to cut its carbon dioxide emissions by 50% in the long term and contribute more widely to cutting transport's carbon emissions.

2.38
Figure 2.11 sets out two scenarios, based on work completed in 2008 jointly by the Department for Transport and the rail industry to produce a traction emissions trajectory to 2022. The green line assumes an 80% reduction in the carbon intensity of electricity generation by 2050 (based on Department for Energy and Climate Change projections), together with current plans for rolling stock replacement and for network electrification. The grey line represents an extended scenario to demonstrate what might be possible with more widespread electrification, more extensive energy efficiency measures and greater use of second generation biofuels.

Figure 2.11 Forecast passenger and freight rail emissions to 2050



Source: Department for Transport

Conclusion

2.39
In this chapter, we have highlighted that the long term prospects for rail are strong. By playing to its core markets and strengths, rail can build on its existing major contribution as a key ingredient for a successful and sustainable economy. In the short term, the need to tackle the Government's budget deficit will require a new focus of investment on the most important priorities and on driving improved industry-wide cost efficiency. These developments have the potential to set stronger foundations for rail to contribute in future to a dynamic economy, and we have set our ambitions in terms of the outputs which rail should aspire to deliver over the long term.

2.40
Our first priority is to deliver greater value for money, which is reviewed in the next chapter. If we can deliver this then we can deliver on other priorities, which we set out in Chapter 4 as our medium term ambitions.

3. Improving industry value for money

In addition to recent and ongoing progress the industry needs to build significantly on these achievements during Control Period 5.

3.1
The current critical need to reduce the Government's budget deficit makes it a priority to improve value for money in the railways. Various mechanisms already help promote this, including efficiency goals set by the ORR for Network Rail in each Control Period, the efficiency and revenue improvements driven through franchising (as bidders compete to deliver a specification for the lowest subsidy/highest premium), and competition between non-rail modes and rail freight operators.

3.2
In addition to recent and ongoing progress (see chapter 2), the industry needs to build significantly on these achievements during CP5, focusing on the whole system. The work of the McNulty Review is critically important here and is fully supported by the rail industry, which is actively engaging in the work of the review team. Two immediate priorities are to:

- establish what scale of improvement in value for money is possible, consistent with making significant early progress towards the longer term potential to deliver a more affordable railway;
- agree within the industry and with key partners such as Government the actions needed now to deliver actual improvements in value for money in the short term, as well as laying the foundations for further improvement in CP5 and beyond.

3.3
In terms of understanding the scale of potential improvement, we endorse the McNulty scoping report view that there is a need for good whole-system data to make the analysis of cost-drivers more robust, and to improve the information available on both train operating and infrastructure costs. We are committed to help provide that information wherever possible.

3.4
This work needs to be complemented by ongoing benchmarking by Network Rail and others in the industry to help understand where and how it can become more efficient. Recent examples of studies include asset management, international performance, infrastructure delivery, operations, stations and support services: some of the work done is overseen by the ORR. A particular area to focus on is benchmarking the railway industry as a whole with overseas railways, other transport modes and other industries.

3.5
In terms of agreeing the actions needed to promote better value for money, the McNulty Review has focused on eight themes, with the active engagement of the industry. The eight themes of the study are:

1. Industry objectives, strategy and outputs
The Long Term Planning Framework, including this document, will articulate our views on the strategy to which the industry should be working and the outputs it needs to focus on to do this.

2. Industry leadership, planning and decision making
The industry is developing the Long Term Planning Framework to enhance leadership across industry planning processes. This will provide funders with an industry-agreed view of the long term direction for rail and the priorities for the medium term. In this document, the industry is calling for a re-definition of the boundaries of decision making between itself and Government. The industry, while recognising it is Government's role to specify outputs and the funding available, wants a greater degree of freedom to determine the most appropriate way to deliver the required outputs. Such an approach in areas such as fares policy will allow the industry to grow revenue in order to improve the financial sustainability of the railway.

3. Structures, interfaces and incentives
The industry recognises the need for change. The current complex structure of processes, interfaces and incentives make change very slow and costly. The industry and its administrators must remove overlaps and duplication so as to create an alignment of objectives, which should be reflected in the regulatory and franchising frameworks. In the longer term, more fundamental reform will be required to achieve greater value for money by addressing the greatest barriers to change within the industry. The industry has identified opportunities to reduce train operator costs through changing the franchising process by making franchises longer. A joined-up approach with Government would allow efficiency savings from more substantial restructuring and resourcing of a franchise than is possible in a short franchise.

4. Revenues
The industry needs to be less reliant on Government funding. This can be achieved by increasing industry revenues through growing demand, a fares policy that allows greater revenue generation, exploiting underutilised assets and drawing on alternative financing and funding sources especially at local level.

5. Asset management
The industry is developing its understanding of whole industry asset management. Industry collaboration has focused on the interfaces between the rolling stock and infrastructure, and the organisational interfaces between train operators and Network Rail. The industry recognises the need to develop further the whole system approach to asset management. Extending collaboration through processes such as the Network Route Utilisation Strategy and examining issues such as rolling stock types and interoperability will encourage the right decisions to be made from a whole industry perspective rather than the self-interest of one industry party.

Technological improvements are essential in facilitating our vision to develop the rail network. An example is the European Rail Traffic Management System, a new signalling technology which removes the need for lineside signals by installing an in-cab signalling system. This facilitates cost efficiencies when replacing conventional signalling as well as having the ability to increase network capacity.

Joint industry development of the long term technology opportunities has been progressed through the Technical Strategy Advisory Group (TSAG), a cross-industry expert group, drawn from the organisations directly responsible for funding, specifying and operating the railway.

6. Supply chain management

Greater collaboration on asset management should be reinforced by a partnering approach with the supply chain, for example in the procurement of rolling stock. This will remove many of the unproductive interfaces and resulting costs that have increased industry costs in the past.

7. Safety, standards and innovation

To be more efficient, the industry must create a railway that delivers more for less. Current processes and culture around safety management and the application of standards are a significant constraint in delivering the change necessary at the pace required to achieve greater value for money.

8. People

The capability and motivation of staff is fundamental to the success of the industry. The development of a holistic industry approach to developing staff is recognised as a key enabler to a successful rail industry. The rail industry is acutely aware that the administrative costs of the industry must be kept to a minimum. This includes the overhead costs of the companies involved in delivering the rail product and the administrative bodies that oversee the industry. The rail industry will work with the various industry administrative bodies to identify opportunities for cost efficiency.

3.6

An early priority is to identify the most important areas for attention, which should include:

- **Developing a clearer sense of the strategic objectives and outputs for rail, alongside enhanced leadership and decision-making.** Outputs and objectives need to be endorsed by Government but shaped through stronger industry leadership. This document itself should be seen as contributing to that aim, by articulating an industry view of the strategy to which we should be working and the outputs we need to focus on to do this, in turn providing funders with clarity on rail's long term direction and priorities for the medium term.
- **Implementing industry reform and improved interfaces between organisations.** At their simplest, options here include creating better alignment of objectives and incentives between industry players to cut costs and improved joint planning of projects. They should also embrace more significant reform such as smarter franchises which promote a more customer responsive (and thus commercially successful) railway. There is also an important task to complete in reducing the overhead costs to the industry arising from duplication and non-value added activity from the existing range of ancillary bodies.
- **Creating the right conditions to foster increased revenue generation.** Options to consider here include closer alignment of incentives between industry players which promote initiatives to support revenue generation and greater prioritisation of projects which deliver a strong return on investment, improve passenger satisfaction and are targeted at stimulating economic development. Fares policy could potentially be an important tool to help generate additional revenue and allow operators to match demand and supply more effectively: ATOC is currently carrying out a review in this area. Possible targeted development of the industry's property portfolio, particularly where housing and employment requirements can be combined with rail capacity enhancements and sustainable transport solutions, may also improve value for money by increasing total revenue.
- **Promoting greater focus on effective whole system asset and supply chain management, safety standard management and innovation.** This needs to address the technical interfaces between infrastructure and rolling stock: joint industry development of the long term technology opportunities has been progressed through TSAG. It also needs to be supported by improved organisational interfaces between train operators and Network Rail and the promotion of greater commercial discipline in industry supply chain management.
- **Enhancing the contribution made by the people who work in the railways.** The McNulty scoping report highlights staff costs as an area of concern and there is scope to review old-fashioned working practices which are no longer needed. Equally, in the growing railway to which we aspire, attention needs to be given to initiatives which enable more efficient use of staff and to ensuring the development of employees in areas such as improved customer service which help retain and grow patronage on the railways.

The McNulty Review has focused on eight themes, with the active engagement of the industry.

4. Strategic choices for the medium term

The challenge for the industry is to improve the value for money to passengers and the taxpayer in order that the industry can afford to invest in measures which expand capacity where it is justified and improve customer satisfaction.

4.1
In translating a long term ambition for transport and rail policy into specific goals for CP5 – all alongside the current critical need to reduce the Government's budget deficit – strategic choices will need to be made about the degree of priority which the industry and Government feel should be made in promoting multiple outcomes. Our emerging view is that:

- delivering continued improvement in passenger and freight satisfaction should remain a priority, supported in particular by increased capacity (which improves quality and drives revenue) and lower industry-wide unit costs. At the same time there should be continued focus on safety and rail's environmental impact. In this chapter we review each of these areas, apart from the opportunities for the industry to improve the value for money and financial sustainability of rail, which were explored in Chapter 3;
- the current CP4 metrics are broadly appropriate but there is a case for adding a measure addressing passenger satisfaction and, subject to more work, refining those used for performance. In addition our focus on reducing emissions and delivering cost efficiencies, whilst maintaining safety levels, remain a high priority;
- although funding for rail improvements inevitably will be tight, some initial steps should be taken towards laying the foundations for significant capital spend in Control Period 6 and beyond in areas such as high speed rail and further capacity improvements in London and other major cities.

Passenger and freight user satisfaction – improving our product

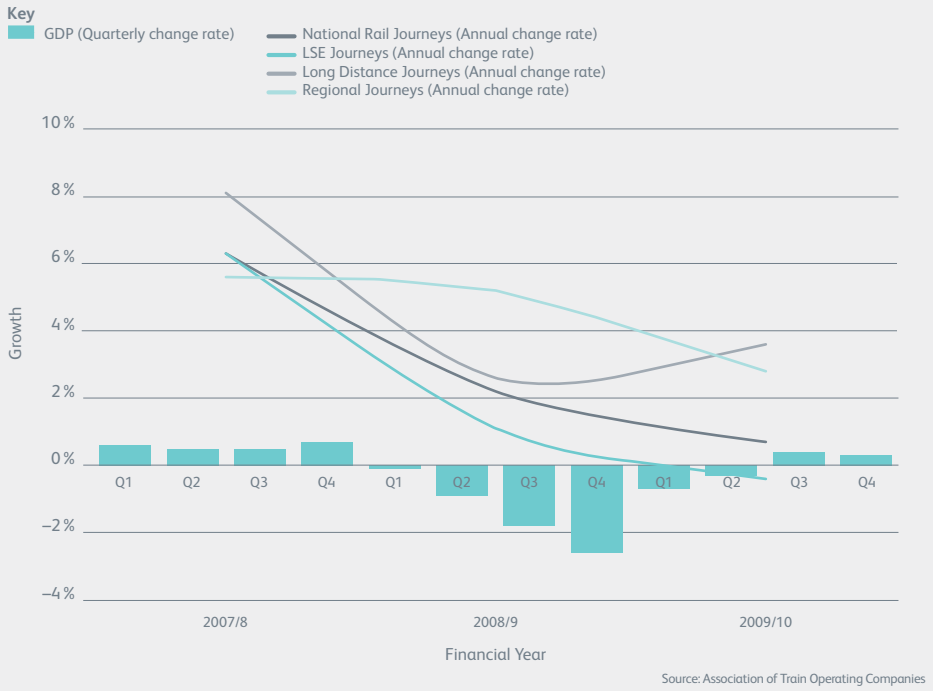
4.2
Current research indicates that service quality factors such as punctuality and reliability, seat availability, journey times and quality of information have a major influence on satisfaction. At present, some operators have very high passenger satisfaction scores, whilst others are less good. One area of immediate focus is to identify ways by which the low ones can be raised in quality and to understand better the link with satisfaction levels, so train operators and Network Rail can target their resources more effectively to improve satisfaction.

4.3
With regard to freight, journey reliability and consistency, cost and security are important factors in customer satisfaction. To encourage growth, continual improvement in performance, availability and capability is necessary so that potential freight users continue to view rail as being a viable alternative to other modes. Freight satisfaction is generally measured on a customer by customer basis and is therefore not relevant as a national measure.

Medium term demand patterns – responding to demand growth

4.4
Despite an economic recession which has seen GDP contract for six consecutive quarters during 2008 and 2009, passenger demand has remained relatively resilient. The number of journeys has continued to grow (albeit at lower rates than the strong ones seen before the recession) in three key sectors of the passenger market: see figure 4.1. The number of rail journeys nationally by the end of 2009/10 was 3% higher than two years previously (and figures for more recent quarters show a renewed increased in growth rates).

Figure 4.1 Economic growth and rail demand growth before, during and after the recession



Source: Association of Train Operating Companies

4.5
The reasons for this growth are complex, but a number of factors less directly linked to the economy have been working in favour of rail, such as a growing population, road congestion, car parking charges and structural changes in travel and employment markets. These factors are set to persist over the period to the end of CP5 and, combined with a return to pre-recession levels of economic growth, are expected to drive growth in passenger demand:

- Growth in the London commuter market is returning and current forecasts suggest continued growth in the medium term on many corridors of approximately 2% per annum (with higher growth rates expected on some corridors, for example, those serving areas of significant housing development). This is due to a rise in forecast growth through to 2019 in central and inner London employment by approximately 10% and 15% respectively, and an increase in the population of Greater London and the South East by some 10% over the same period;
- The long distance sector, which comprises predominantly business and leisure traffic and whose growth is linked to income, has expanded over 6% during the past three years. It is set to grow by as much as 30% on some corridors by the end of CP5 and growth could be even higher if the service on a route is improved (such as has recently been the case on the West Coast Main Line) and attracts new customers to the railways;
- Growth in the regional commuter market, which has remained relatively robust in the last couple of years, is expected to continue through to the end of CP5 and beyond. Long term forecasts in the Route Utilisation Strategies for the regional commuter markets serving cities such as Edinburgh, Leeds, Manchester, Sheffield and Birmingham indicate growth of between 70% and 170%, with three quarters of the forecast peak growth driven by background changes in employment type (to sectors that exhibit higher levels of commuting) and travel markets;
- Freight traffic has suffered during the recession due to the fall off in trade across the world's economy, although intermodal traffic has continued to grow across virtually all quarters of the recession period. Coal traffic has reduced considerably, due to relatively low gas prices, and this tends to have a significant impact on total freight tonnage carried. However, the recent return to economic growth, supported by favourable modal shift, points to renewed growth over the short term across most sectors, with the exception being the coal traffic which is unlikely to see previous volumes.

Availability – continuous improvement

4.6
Rail service availability plays a central role in people's choice of transport mode. Evolving travel patterns are contributing to growing demand for rail journeys (passenger and freight) at times where engineering activity has traditionally been undertaken, specifically in the late evening and during weekends. However, the use of substitute buses during engineering works in particular acts as a significant disincentive to potential passengers. The aim for CP5 is therefore increasingly to provide a service when passengers and freight customers want it, helping to release current suppressed demand and encourage discretionary travel by rail.

4.7
Progress is already being made on increasing availability for both passenger and freight services during CP4, whilst providing sufficient engineering access for maintenance, renewals and enhancements.

4.8
Joint Network Availability Plans are being developed to provide the framework for delivering improved network availability, following the commitment of Network Rail, ATOC and Passenger Focus to minimise passenger disruption and the use of replacement bus services. The regulated outputs to reduce disruption in CP4, as measured by the Possession Disruption Indices for passenger and freight, include a 37% improvement for passenger trains. For freight, the regulated output for CP4 is to maintain the current overall level of route access. The ability to offer seven day services is a prerequisite for growth in some markets, recognising that for example consumer goods traffic requires more access. As the Strategic Freight Network develops, however, more core and diversionary routes will become available, providing an overall increase in network availability for freight.

4.9
During CP4, we will review whether the new availability indicators introduced help drive improvements or whether different indicators should be considered for CP5. We will agree for CP5 an overall longer term strategy for network availability in the context of:

- passenger expectations for train services at night and at the weekend;
- the requirements of freight operators to deliver good reliability and punctuality, and to move towards a seven day service whether by the core or diversionary route;
- the continued requirement to maintain, renew and enhance the network.

Performance – incremental improvement but rebalanced priorities

4.10
Performance, both punctuality and reliability, is a principal driver of passenger satisfaction. Our efforts in improving performance further need to be focused carefully on where best value can be delivered. For CP5, the aim should be to deliver incremental improvement in the current level of high performance, especially seeking to close the gap between the best and worst performing routes. This should deliver an overall increase in Public Performance Measure (PPM). The challenge will be in serving passenger and freight traffic growth over this period, at the same time as maintaining this high level of performance.

4.11
We propose that PPM remains the primary publicly reported measure of performance for CP5, as it is well understood and has been shown to correlate with average passenger lateness. However, it does not represent the views of passengers who disembark before the train's final destination. We are therefore considering the benefits and feasibility of developing additional internal measures of journey performance measurement. We also recommend the retention of the Cancellation and Significant Lateness metric in CP5, as a means to focus on reducing the impact of significant infrastructure and/or rolling stock problems.

4.12
Punctuality and reliability is a key prerequisite for rail freight to compete with road. CP4 saw the introduction of a Freight Performance Measure (FPM) which is equivalent to the passenger PPM and provides quantifiable performance data which can be used to identify and recommend mitigation measures for the performance of freight services; we propose that the FPM continues into CP5.

4.13
We will continue to assess the relationship between performance, capacity, journey time and operating costs to understand whether there are greater benefits available by providing improved journey times or additional capacity rather than further improving performance. We can therefore prioritise the elements of the service provided according to users expectations and the specific characteristics of the market.

Safety – continued focus

4.14
We propose that the approach to safety should be set in the context of the Safety Directive and Health and Safety at Work Act requirements to maintain safety and, where reasonably practicable, improve it. There should therefore be no specific safety target, but a restatement of the general European Union objective and a summary of the means by which this will be monitored to reassure the public that the industry continues both to take safety seriously and to seek further improvements. There should be no measure created for this purpose; rather a listing of those metrics that are produced by the industry as part of its current activities. Examples of the material expected to help provide this assurance include the Strategic Safety Plan 2014-19 and Annual Safety Performance Reports.

4.15
Most safety improvements will come from continued focus on safety culture in all aspects of the railway. Good practice in managing health and safety is often consistent with wider business efficiency: in addition, specific investment will continue to be targeted in order to mitigate specific risks through initiatives to reduce public and workforce fatalities. Network Rail is currently developing a level crossing strategy for the investment in, or replacement of, level crossings. Misuse of level crossings represents one of the greatest risks to the public, but initiatives at level crossings will provide benefits other than just safety-related. These include improved road traffic flows, reduced maintenance and renewal costs and the removal of train service operating restrictions. Partnership working with Local Authorities and the Highways Agency is important when agreeing the appropriate solution for local level crossing initiatives.

Environment – contributing to reducing transport's impact

4.16
We have made significant improvements in reducing traction carbon intensity through the introduction of regenerative braking and efficiency measures by train operators. Working with the Rail Safety and Standards Board (RSSB), the industry has developed options for reducing carbon emissions further. The railway already provides the lowest carbon mode of public transport but we can contribute further to carbon reduction targets by delivering lighter, more efficient and in some cases longer trains, more efficient station operations, and by modifying driving techniques. We are fully committed to improving our environmental impact by reducing the carbon impact of our investment plans, and increasing our modal share would allow overall transport emissions to be reduced without detriment to the economy.

4.17
Achieving large-scale carbon reductions is heavily dependent on improvements in the carbon intensity of UK electricity generation and widespread electrification of the network. There is a strong case for a significant programme of electrification to help reduce rail's carbon emissions. This case will improve as the carbon intensity of the network improves and if the carbon reduction plan established by the Commission on Climate Change is realised. The operation of electric trains will be able to improve air quality and reduce noise, as well as generating fewer carbon emissions.

4.18
The industry, facilitated by RSSB, is already working on carbon reduction plans and setting targets for itself both over a 5 and 25 year perspective. Government is already closely involved in this and we do not believe that adding a formal carbon metric to the High Level Output Specification process should therefore be a high priority. There is a risk that any metric would be inconsistent with metrics in other areas such as capacity and train performance, particularly in the context of carbon savings brought about by modal shift, and that a target may lead to unexpected outcomes. For example, if the energy sector does not reduce emissions as fast as expected a binding rail target might require the industry to reduce the number of trains it runs in order to stay within the limit. In addition, at a more technical level, understanding of the carbon emissions involved in building trains and infrastructure investment is still at an early stage. At present we can therefore only be confident about the carbon position from direct energy use. We believe that the best way forward is for the industry to continue to develop its plans for carbon reduction through the existing processes which are designed to make certain that the delivery plan is fully owned by the whole industry, including its suppliers.

Conclusion

4.19
This chapter has outlined a series of CP5 rail outputs which represent our continuing ambitions. We believe the current metrics are appropriate, and, subject to further work, propose to refine those used for performance.

4.20
Within CP5 we should therefore seek to promote:

- continued growth in passenger and freight user satisfaction;
- ongoing improvements in performance and safety;
- an increase in capacity;
- reduced carbon emissions from transport within the context of industry wide cost reduction.

4.21
This chapter has also focussed on the key medium term outputs from a customer perspective. We recognise that the decisions made for the medium term will be taken within the context of the need to reduce the budget deficit. The challenge for the industry is to improve the value for money to passengers and the taxpayer in order that the industry can afford to invest in measures which expand capacity where it is justified and improve customer satisfaction. The next chapter briefly sets out what we need to do next to meet this challenge.

5. Next steps

We will engage with a broader group of stakeholders as we develop our long term plans.

5.1
In this document we have set out our long term ambitions and what we believe are the priorities for the medium term. We must continue the progress made so far to influence the rail planning processes, in particular the Rail Value for Money study being led by Sir Roy McNulty, the plans for the rail network and the programme of franchise re-letting.

5.2
An important part of the regulatory review process is the publication of the High Level Output Specifications and Statement of Funds Available by both the Secretary of State and Scottish Ministers. We are due to produce our Initial Strategic Business Plan for 2014 onwards in June 2011. This will provide funders with our views on what could be delivered in CP5, consistent with our view of the long term direction the industry needs to take. The plan will provide analysis of the choices of outputs that could be delivered and the costs and benefits associated with them. Ultimately Government will need to make important choices about the future of the railway and our aim is to inform that process.

Programme of further work

5.3
The Planning Oversight Group is the co-ordinating group responsible for developing the industry's contribution to Governments' decisions about the outputs they want from the railway. This group co-ordinates the activities of a number of workstreams to facilitate the provision of effective input to the development of HLOSs and the ISBP.

5.4
The industry workstreams that will provide further inputs include:

- The programme of Route Utilisation Strategies, including the Network RUS programme;
- The second generation Scotland RUS currently in progress, covering the whole country, will inform Transport Scotland's decisions;
- Existing long term projects in England, Wales and Scotland;
- The work being undertaken under the guidance of National Task Force on longer term performance and network availability;
- The development of the CP5 safety trajectory and the plan being taken forward by the industry safety policy group;
- The development of industry views on carbon and other longer term environmental measures through the Sustainable Rail Programme;
- The work to develop and deliver the Strategic Freight Network;
- The work of the Technical Strategy Advisory Group which will help inform how technology and innovation can support the delivery of outputs;
- The development by relevant parts of the industry of strategies for sustainable and affordable delivery of anticipated output requirements.

5.5
The Planning Oversight Group will continue to oversee additional specific workstreams including demand growth and potential modal shift. Together with the input being made by the industry into the Rail Value for Money study being led by Sir Roy McNulty, we hope to make progress on a number of issues over the next 12 months in advance of the publication of the ISBP, such as:

- The range of potential metrics to accompany the HLOSs. This is not just about the appropriate measures for the HLOS itself but a broader set of measures to be used by the industry to monitor and manage delivery of its plans;
- The likely baselines for 2014 onwards for these metrics and the cost of different levels of output;
- Broadening and deepening industry consensus for the approach set out in this document.

Engagement with funders and wider stakeholders

5.6
We continue to have regular dialogue with the DfT and Transport Scotland on the planning ahead work programme. Both organisations have established forums to discuss the development of their HLOSs. It has been agreed with the DfT that the Planning Oversight Group will oversee the further work on industry inputs to the development of the HLOS for England and Wales, reporting on progress to the DfT.

5.7
We will engage with a broader group of stakeholders as we develop our long term plans including the Welsh Assembly Government, Transport for London, Passenger Transport Executives, Passenger Focus and the Rail Freight Group. Recognising the contribution rail can make to regional and local development we will also engage with regional and local authorities.

How you can contribute

5.8
Network Rail, ATOC and the Rail Freight Operators' Association welcome feedback on the contents of this publication.

Feedback can be submitted electronically to:
planningahead@networkrail.co.uk
planningahead@atoc.org

Appendix:

The Route Utilisation Strategy programme

Route Utilisation Strategies (RUSs) seek to balance capacity, passenger and freight demand, operational performance and cost, to address the requirements of funders and stakeholders. Network Rail is developing RUSs to cover the rail network, in conjunction with rail industry partners and wider stakeholders. The map opposite shows the programme for the development of the RUSs. Eighteen have been completed so far and work is underway on four more. The most recently published and established was the Great Western RUS on 1 March 2010.

The original programme of RUSs is scheduled to be completed by 2011. Network Rail is obliged under its Network Licence to maintain established RUSs to make certain that the recommended strategy remains valid and fit for purpose. A number of factors can affect RUS recommendations over time, including changed Government policy, economic circumstance and Franchise change and remapping. The existing RUS programme commenced in December 2004 and in July 2007 the publication of the Government White Paper Delivering a Sustainable Railway required Network Rail to consider the 30 year planning horizon in its development of RUSs. A number of the earlier RUS recommendations therefore need to be reappraised to consider this longer term planning framework. Equally a number of assumptions made in early recommendations have changed in the light of the economic situation. The publication of the High Level Output Specification and Network Rail's Delivery Plan in 2008/9 has also changed the way in which a number of recommendations will be delivered.

A second generation of RUSs has therefore commenced. These strategies will adopt a more strategic viewpoint than undertaken in the established RUSs and, through analysis of the changes that have occurred, identify the strategic gaps that require further appraisal.

The strategies will not seek to confine themselves to a particular geographic area and will also not reappraise the recommendations made in established RUSs where these remain valid. This second generation of RUSs has identified three workstreams that will consider strategic gaps in London & South East, the North of England and Scotland.

The table below presents the current programme details.

RUS	Start of work	Publication of consultation document	Publication of final RUS	Current status
South West Main Line	December 2004	November 2005	March 2006	Established
Cross London	January 2005	December 2005	August 2006	Established
Scotland	July 2005	August 2006	March 2007	Established
Freight	September 2005	September 2006	March 2007	Established
North West	May 2005	November 2006	May 2007	Established
Greater Anglia	February 2006	April 2007	December 2007	Established
East Coast Main Line	October 2005	June 2007	February 2008	Established
South London	May 2006	July 2007	March 2008	Established
Lancashire & Cumbria	October 2006	April 2008	August 2008	Established
Wales	October 2006	May 2008	November 2008	Established
Yorkshire & Humber	June 2006	September 2008	July 2009	Established
Merseyside	February 2007	November 2008	March 2009	Established
Network				
• Scenarios & Long Distance Forecasts	January 2007	April 2000	June 2009	Established
• Stations	January 2007	Autumn 2010	Early 2011	In process
• Rolling Stock and Depots	January 2007	Autumn 2010	Early 2011	In process
• Electrification Strategy	Autumn 2007	May 2009	October 2009	Established
Kent	January 2008	April 2009	Early 2010	Established
Sussex	January 2008	May 2009	Late 2009	Established
East Midlands	February 2008	August 2009	Early 2010	Established
West Midlands & Chilterns	February 2008	November 2010	Spring 2011	Option appraisal
Great Western	February 2008	September 2009	Early 2010	Established
West Coast Main Line	September 2008	December 2010	Summer 2011	Option appraisal
Generation 2				
• London and South East	Summer 2009	December 2010	July 2011	September 2011
• Scotland	Summer 2009	November 2010	June 2011	August 2011
• Northern	Summer 2009	September 2010	May 2011	July 2011

Route Utilisation Strategy map











Network Rail
Kings Place
90 York Way
London N1 9AG

www.networkrail.co.uk

ATOC Ltd
3rd Floor
40 Bernard Street
London WC1N 1BY

www.atoc.org

Rail Freight Operators' Association
Pendolino Way
London NW10 0RP