



Strategic Transport Forum

27th September 2019

Agenda Item 5: Strategic Rail Programme Overview

Recommendation:

It is recommended that the meeting note the work of England's Economic Heartland Business Unit in taking forward rail priorities on behalf of its partners

1. Overview

- 1.1. England's Economic Heartland has consistently argued that growing the role of the rail system should be a key feature of our overall approach if we are to realise the region's economic potential in a way that reduces its environmental impact. This perspective is supported by the evidence which clearly shows the propensity of the region's residents and businesses to use rail as a viable and realistic alternative to road transport.
- 1.2. The transformational role that improved rail connectivity can play in contributing to the decarbonisation of the transport system and boosting economic growth is well understood. The demand for rail continues to grow each year and England's Economic Heartland is working with Government and other organisations to secure further growth in the capacity of the rail sector through a range of different projects.
- 1.3. Previous decisions by the Strategic Transport Forum have led to an active approach to the way England's Economic Heartland shapes and influences rail provision within the region.
- 1.4. In addition, the development of England's Economic Heartland's transport strategy, commencing with publication of the Outline Transport Strategy, marks the next phase in the development of the region's strategic rail priorities.
- 1.5. In addition, the relationship with neighbouring Sub-national Transport Bodies continues to grow in strength:
 - The relationship with Midlands Connect has evolved into an ongoing programme of regular contact and co-ordinated technical work. For example, this collaboration has ensured partners in Oxfordshire and Northamptonshire are sighted on opportunities to develop capacity for inter-regional services between the Midlands and our region. The added value of a new Bedford-Leeds service (post HS2) is being actively explored, whilst some initial work is being taken forward (in partnership with local authorities in Northamptonshire) that is exploring the potential strategic value of a new connection between the West Coast and Midland Main Lines.
 - England's Economic Heartland is working with colleagues in Network Rail and TfL (together with Transport for the South East) on the development of the London Rail Strategy.

- 1.6. Network Rail's System Operator function continues to work extremely closely with England's Economic Heartland Business Unit in helping to identify rail priorities for the region and agreeing how these might be taken forward as part of national programmes. Examples of this work include investigation of strategic rail corridors and involvement of Network Rail as a member of the Steering Group overseeing the Rail Services Commission.
- 1.7. Ongoing updates on the progress with a number of key projects and engagement with key stakeholders will be provided in the ensuing three items of this meeting's agenda.

2. Williams Rail Review

- 2.1. The William's Rail Review is providing an opportunity to look at the structure of the rail industry and the way it's delivered. The findings will set out the government's intention for reform of the rail sector in for the form of a white paper published in autumn 2019.
- 2.2. England's Economic Heartland Business Unit has met regularly with the William's review team to press the need for change. The Forum's submission to the review set out the need for new organisational and commercial frameworks to consider a number of themes.
- 2.3. Recognition of the role of the rail transport system in enabling the delivery of planned growth must always be reflected in developing the specification for passenger services. There is a need to develop an approach that enables investment in new infrastructure and services to be better linked with planned growth, one that ensures that investment in rail is enabling investment that provides sustainable travel choices from day one of a new development. The benefits of investment in schemes such as East West Rail should be taken into account when planning subsequent investment in strategic highway schemes.
- 2.4. Proposals for devolution of the rail industry based on the historic network of radial routes and services run the severe risk of perpetuating a London-centric system. Not only does this run counter to broader Government ambitions to rebalance the economy nationally – it risks missing the opportunity afforded by East West Rail to create travel choices that better reflect the needs of the Heartland's residents and businesses and avoid the need to travel via London.
- 2.5. Planning for and delivering capacity for rail freight should take into consideration wider public sector policy objectives. Moving forward this may require the state being prepared to invest in strategic capability. For example, East West Rail has the potential to relieve freight movements into London, thus freeing up capacity for more passenger services – a key objective in the Mayor of London's Transport Strategy. The challenge currently is that investment in freight capacity is driven by market forces. There is a case for the public sector to accept the need to invest based on the basis of the wider public good derived from it.
- 2.6. Finally, the Review should examine the extent to which competition laws might inadvertently prevent the realisation of a truly integrated transport system. For example, potential bidders for franchises cannot include proposals to integrate local bus services to deliver an integrated offer to the public. In a desire to avoid creating monopolistic positions, the system may be inadvertently missing opportunities to deliver the joined approach that will encourage greater use of public transport.

3. Network Rail's Shared Value Policy

- 3.1. Drawing on the examples provided by its partners, the EEH Business Unit has worked with both DfT and Network Rail to resolve an issue relating to the application of Network Rail's Shared Value Policy.



- 3.2. In essence, the policy is designed to enable the public sector (in this case Network Rail) to capture a percentage of the uplift in land value arising from when third parties require use of, or rights over, Network Rail land. An example could be the situation where a development proposal requires a bridge over the railway to enable the development to be brought forward.
- 3.3. The intention of the Shared Value Policy is that if there is a residual value associated with the development - once the cost of the development, the need to pay for local mitigation measures and the developer's profit have been taken into account - then Network Rail would seek a percentage of the residual value.
- 3.4. However the experience of partners from across the region has been that the policy was being applied inconsistently. In particular the examples identified by local partners showed that at the local level the policy was being applied before taking into account those other costs associated with the development. At a practical level this was leading to the situation where the application of the Shared Value Policy was acting as a constraint on development coming forward.
- 3.5. With the help and support of the DfT regional team and NR central policy team it has been possible to resolve the situations identified by local partners.
- 3.6. At the same time DfT and NR are producing a user guide that will set out more clearly how the Shared value Policy should be applied. The EEH Business Unit will ensure that this is shared with all partners across the region and, through the STB network, with authorities across England.
- 3.7. This serves as an example of the added value that EEH brings to its partners by acting as a conduit whereby issues of common concern can be addressed quickly and effectively by getting the right people in the room to find a resolution.

4. Rail Services Commission

- 4.1. The approach to the long-term planning and development of our rail network needs to evolve if we are to realise the need for our rail infrastructure and services to anticipate the changes in geography that delivery of transformational projects - such as East West Rail - will bring. As set out within the Outline Transport Strategy delivery of projects such as EWR will mean that what is currently a collection of housing market areas and functional economic areas, will become one. It will also serve to re-emphasise the importance of orbital movements (our historic rail corridors are predominantly radial focused on travel to/from London).
- 4.2. Realising the potential of the region therefore requires a new approach to the planning and investment of transport. An approach that is in part guided by the need to improve the alignment of rail investment to support delivery of planned economic and housing growth.
- 4.3. As such, a key piece of work to be commissioned will be the 'Rail Services Commission'. This will review and identify future opportunities to maximise the potential of the rail network as part of a truly integrated transport system.
- 4.4. The commission will look to identify what is required in terms of future levels of rail services by looking at planned growth. In addition it will be the mechanism for identifying the key strategic rail hubs, how those relate to employment centres and what this means in terms of rail demand. Economic and railway modelling will test the GVA and jobs value along the Heartland's major rail corridors. This will include the impact and interchange opportunities arising by the delivery of East West Rail.
- 4.5. This study will provide the Forum with advice on how best to realise the full potential of the rail network across and through the region, and identify at a strategic level future major schemes, measures and essential interventions that will benefit from more detailed analysis.



- 4.6. A copy of the brief has been shared with and agreed by the Transport Officer Support Group. In addition it has been shared with the East West Rail Consortium. A steering group is being established to oversee the commission. This will include representatives from local authority partners, along with Network Rail, the Rail Delivery Group and Transport Focus.
- 4.7. The outcome this work will provide a key evidence base to ensure EEH can provide ordered, evidence strategic priorities for rail way investment in its overarching Transport Strategy.

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September 2019

