

**Yorkshire & The Humber
Transport Activists' Roundtable
(YHTAR)**

Briefing Note

**The Trans-Pennine
Express rail franchise**

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Executive Summary

The award of the new Trans Pennine Express (TPE) rail franchise, due in spring 2002, is, in YHTARs estimation, the most single important transport decision affecting the whole of our region which will be taken in the coming months. It is vital for the well-being of the Yorkshire and The Humber region as a whole, and indeed for the whole of the north of England, from Sheffield to Newcastle, from the east coast to the west, that the decision is the right one for our region.

At present “express” rail services between Newcastle, Scarborough and Hull, via Leeds - and from Cleethorpes via Sheffield - to Manchester, Liverpool and other points in the north west are operated by Arriva Trains Northern under the “transpenninexpress” brand name.

In 2000 the Strategic Rail Authority (SRA) announced these routes (and possibly others) would be separated into a new inter-city class franchise, with the strong suggestion (see below) that there would be high-quality, high-speed trains and large-scale investment in infrastructure.

The bidding for this new franchise continued until mid-2001, when the process was halted and the restarted under new guidelines which are currently being defined. These guidelines, it is believed, will bring about a complete change of policy, with no investment and possibly even no new trains. This will be a disaster for the north of England, which needs the very best railway to take traffic off the A1/M62 corridor, for reasons of social inclusion and environmental protection, and for many other reasons, too.

This report details the immediate past history of this franchise process: the main section stems from a meeting held on 16 October 2001, attended by the writer and four fellow pro-rail campaigners, five MPs and a city councillor, and three directors of the SRA: the meeting was chaired by Mr John Grogan, MP for Selby. YHTAR urges that the TPE franchising process be stopped now, before a low-quality, no-investment franchise lasting perhaps ten years is awarded, and that a policy be developed which will allow the return to the 2000 vision of a best-quality Trans Pennine Express franchise.

NB - YHTAR takes no sides as to which company should operate TPE services in the future, it says only that whoever does so should bring to the north the best, most reliable, most comfortable and safest railway in the country, with fast and frequent trains and a level of investment, both public and private, which will see passenger numbers grow strongly year on year

Background

The proposed TPE franchise will include long-distance train services connecting towns and cities in the north east of England, Yorkshire and Humberside with Manchester, Liverpool and other areas of the north west. Even now the precise map defining which services will be included has not been published.

The two present main rail franchises in the north of England are Arriva Trains Northern (ATN - formerly Northern Spirit, and owned by Arriva plc) and First North Western (FNW), owned by First Group plc, which operates largely to the west of the Pennines. ATN operates trans-pennine services under the “transpenninexpress” brand name, one it has developed with considerable success. ATN’s present franchise expires in February 2003, FNW’s in April 2004.

In early-2000, the SRA announced that a new franchise, TPE, would be formed from the major services operated by both ATN and FNW. Once TPE is awarded, the majority of the remaining services of these two operators are to be grouped into a new Northern franchise, a process which has yet to be started by the SRA. (The services not so included are the FNW services into Wales which are to become part of the Wales and the Borders franchise.) In October 2000, Sir Alastair Morton, chairman of the SRA, told the writer he hoped to award TPE “by Easter 2001, with Northern being some six months behind”.

Best and final bids for the TPE franchise were received by the Strategic Rail Authority in March 2001, but, while no preferred bidder was publicly named, it was widely reported that the SRA recommended to the Secretary of State for Transport, Local Government and the Regions, (then John Prescott) that Connex was its preferred bidder. The other parties which made “best and final” bids were Arriva Trains and First/GoVia.

When the invitation to tender for the new TPE franchise was issued by the SRA in March 2000, Franchising Director Mike Grant said: “I am also including the Trans Pennine route (in this batch of re-franchises), because of its strategic importance in linking major centres in the North and its potential for relieving motorway congestion.

Announcing the short list of four on 2 November 2000, Mike Grant said: “Trans Pennine Express is designed to offer many benefits for those who travel and live in the North of England, offering a genuine alternative to the congested motorway and trunk road network, and additional capacity to reflect the growth forecast for Manchester Airport. By providing fast, frequent and reliable rail services between large towns and cities and key rail, air, sea and road interchanges, Trans Pennine Express will encourage the greater use of rail throughout the North of England. Its objective is to offer upgraded, fast services in the Leeds and Sheffield to Manchester corridors, opening up many new journey opportunities in and around the region.

“I am confident that we are taking forward exciting and robust proposals.Ultimately I aim to select the best deal for passengers, delivering an innovative and strategic approach to the future operation of the TPE franchise.”

Also in 2000, Sir Alastair Morton said: “The TPE network is to be upgraded to full high-speed, intercity status, running more trains per day than operators such as Midland Main Line or Anglia, and carrying more passengers than Gatwick Express. We aim to put in place major improvements in East – West travel, linking Newcastle, York and Hull with Manchester and Liverpool.” (source of all quotes - SRA web site)

After the 2001 General Election, the new Secretary of State at the Department of the Environment, Transport and the Regions, Stephen Byers, reportedly mindful that the competition for TPE had been so ill-defined by the SRA that the losing bidders might well legally challenge any decision, suspended the process and said that the three preferred bidders (in the interim Serco plc had dropped out from the original list of four) would be asked to bid again against a much more tightly drawn specification, which would give all three contenders a level playing field.

At the same time, all pretence that TPE would “be upgraded to full high-speed, intercity status” were discarded, and it was announced that the winner would be the one who bid the “best value” i.e. the least cost to the Treasury, or put simply, TPE would be a “plain vanilla” franchise.

On 14 September 2001 the starting gun was fired again, and the five Passenger Transport Authorities (PTAs) through whose areas the TPE franchise passes (South and West Yorkshire, Tyne and Wear, Merseyside, and Greater Manchester) were given 60 days in which to input to the SRA their ideas as to what features or requirements the TPE franchise should include. The PTAs had earlier complained that they had not been fully involved in the previous process, even though they do not specify i.e. financial support, TPE services: however, shire counties (e.g. North Yorkshire) and unitary authorities (e.g. the East Riding of Yorkshire and Hull) in the region are not being similarly consulted. The PTAs are under a “commercial confidentiality” agreement with the SRA, which prevents them commenting on this process or their inputs, despite the process not having yet reached a competitive bid stage.

In summary, then, the SRA is pressing ahead with a separate TPE franchise, in line with Sir Alastair Morton’s 2000 “intercity status” vision, despite the fact that, because of the financial ramifications of the Hatfield crash and other subsequent happenings in the rail industry, there is no longer the money to invest in the network to achieve this status.

As one source in the industry has put it to the writer, “railways in the north are being allowed to rot”. Overwhelming preference for investment funds is being given to projects in London and the south east.

This whole “down-sized” concept, theme and process, YHTAR believes, is fundamentally flawed and totally inappropriate for our region, just as the original inter-city concept was exactly right. Unless and until the original vision can be reinstated, YHTAR believes the TPE process should be abandoned. The reasons are detailed later in this note.

The meeting with the SRA, 16 October 2001

On 16 July 2001, Stephen Byers issued new draft guidelines for future rail refranchises, from which new rules he specifically excluded only the TPE franchise and the East Coast Main Line (ECML) franchise (presently run by GNER and also, then, at the ‘best and final bid’ stage of re-franchising).

YHTAR issued a press release the following day (17 July), arguing that the TPE process should be deferred until the new “rules” were known: this would, among other things, allow vitally-needed investment in new rolling stock to proceed that much faster.

Less than a week later Mr Byers changed his policy and included ECML in the “new” rules, leaving TPE alone, being taken forward neither under the old rules nor the new ones but determined by a policy which had been totally overtaken by events.

All YHTAR releases are sent to all our region’s MPs, and this one was seen and taken up by John Grogan, MP for Selby, who met with a small YHTAR delegation in Leeds on 26 August: the delegation briefed Mr Grogan on the situation and issues.

As a result, Mr Grogan arranged a meeting on 16 October in a House of Commons meeting room, involving four other MPs five rail campaigners, and three directors of the SRA (see footnote).

The MPs voiced several concerns as to how the future TPE franchise services would affect their constituencies, questions which were largely the result of very poor or even non-existent briefings given by some bidders and other parties during the earlier phases of the process. Many of these worries were dispelled by the SRA team, but the discussion clearly pointed to the need for far better consultation and involvement in the coming weeks.

A question was raised as to how long the new TPE and Northern franchise would be let for. On Northern, where the SRA is in the process of building its team before announcing the formal start of the process, the thinking was that this would be let for “probably five years, with possible subsequent enhancements and extensions.” The franchise would be run as several separate management units, aligned with the PTAs and ‘the rest.’

Thinking on TPE was still very woolly: it would be for, well “to give time for investment in new rolling stock, 7 or 10 or 12 years might be a reasonable basis”. The present plan is that, following the PTAs’ input in November, the specification will be issued in January/February 2002 and final bids will be required in the spring so that a preferred bidder can be announced in the summer. After legal negotiations, the franchise can then formally start when the ATN franchise expires in February 2003, although it may operate in ‘shadow’ form before then, to allow trains and staff to be split off from the present franchises.

There would be “no infrastructure investment in the first phase” - understood to mean to 2008/9. But “development work would continue on infrastructure enhancements until such time as resources are available.” (‘Infrastructure’ is broadly the part of the railway owned and/or maintained by Railtrack.)

Without infrastructure developments there can be no meaningful increases in service frequency or routes to cater for growth in demand or passengers’ expectations.

The SRA said that “franchisee investment can go ahead straight away, but infrastructure improvements are secondary aspirations”.

Two of the three earlier bids - Connex and First/GoVia - had concentrated Manchester services on Victoria station, on the understanding that major infrastructure enhancements in the centre of that city would proceed fairly quickly - the total package of proposals is estimated at £1.5 billion. This is now off the agenda for the foreseeable future (although development work is again continuing until funds are identified), so the “new” bids will need to concentrate on routing via Manchester Piccadilly, at which extra paths for TPE trains will be almost impossible to acquire (given, in particular, the extra services being operated by Virgin - Cross Country from 2002 and to/from London from 2003), meaning, in effect, there can be no extra TPE trains through Manchester this side of 2008/9.

One previous bid had also raised the possibility of re-opening the SheffieldManchester route via the closed Woodhead tunnel, an aspiration also of the South Yorkshire PTA. This idea, too, was no longer appropriate, said the SRA, due to both the lack of funds and the limited number of trains which could use the route due to pathing constraints at the approaches to Manchester.

The rail campaigners thought that this was very blinkered and over-cautious policy.

The SRA also said that the new TPE would not mean any reduction in services which are presently covered by Public Service Requirements (PSR) - e.g. Lawrie Quinn had been given to believe the Scarborough-York-Manchester trains were to be run, under one proposal, via Wakefield instead of Leeds. This was said to be a mis-conception - additional trains had been proposed by one bidder and this service is also an aspiration of the West Yorkshire PTE.

Discussion then turned to what stock might be used on the TPE, for the original concept was that they would be of the latest and best inter-city style units, whereas now, with the maxim that bids should offer “best value” clearly bidders’ costs could be reduced by including “pre-owned” or cascaded stock rather than specifying new.

The SRA believes that the imminent ordering by Midland Main Line (MML) of new "Voyager" units (expected next month - they will, in part, give a better service from Leeds to Sheffield, the East Midlands and London from 2004) could produce a cascade of suitable units to TPE in 2005, but MML has subsequently confirmed to the writer that this will not be the case. There is such a critical dearth of diesel trains in the UK available for cascade in the nowto-2005 timeframe that locating any for TPE use will be all but impossible. However "old" units are definitely on the cards for TPE, a far cry from the "inter city status" dream of two years ago.

The major concern of all those round the table, except the SRA delegates, was the illogicality of having two franchises - TPE and Northern - in the north of England. Prior to the meeting, we had all agreed that, while we might be stuck with this decision, if we had the option we would all want, without question, one single franchise.

The SRA defended the continuing of the "split" by saying it was in line with Sir Allastair's 1999 "inter-city" vision - a dream that has now totally evaporated.

Also, with Northern to be operated as five or more business units, one more - TPE - would be too much for one company, and would result in insufficient management time and resources being available for the TPE element. This is an argument that simply does not stand up to one minute's worth of thought.

It has been established that having two franchises will require more drivers (possibly 28) and more trains (maybe five) and will cost more (£10 million a year has been quoted) than would one single north of England franchise. Bearing in mind the acute shortage of drivers across the region now, ditto the lack of trains to meet the present service demands of the PTEs and the total lack of money for investment, then this policy just falls apart. But the SRA defends the impossible by saying it would offer "more robust services": clearly well wide of the target to put it mildly.

YHTAR, along with MPs and all others wishing to see the best possible railways, firmly believes that, in the present circumstances, one single north of England franchise is the only sensible solution, and calls on the SRA to find a way of developing its policies to this end.

Quizzed on the Northern franchise, the SRA was even vaguer. On the one hand, TPE has to be in place by February 2003 as the ATN franchise has already been extended for two years once and could not be extended again. But on the other, ATN could be extended again as Northern will not be awarded until some time after that date.

Because the SRA is not precisely defining the map of TPE services - it is leaving the bidders to propose what they want to do within the specification - the TPE map will not be known until the process again reaches the preferred bidder status in mid-2002. Then the Northern map, being the present ATN+FNW routes less the TPE map (and those going to Wales), can be drawn and the Northern franchise's specification can be published.

The SRA does not wish to see any contractual linkage between the TPE winner and the Northern franchise process. MPs have pressed, if a single franchise cannot be let, for the TPE winner also to be the preferred bidder for Northern. (Mrs Gwyneth Dunwoody, MP for Crewe and Nantwich and chairperson of the House of Commons Transport Select Committee tabled an Early Day Motion to that effect on 11 July.) The SRA says that there will be no such linkage, although the TPE winner can bid for Northern and may, or may not, win. The implications for, for example, connections between TPE and Northern services are horrendous if they are run by different operators.

So, the Northern process will start in mid -2002, and, (assuming that there are any bidders at all for what will be the franchise requiring the biggest subsidy of any- not to mention the challenges of dealing with five PTAs, five shire counties and the unitary authorities), it could be let by late-2004/early -2005.

From this there are several worrying outcomes, mainly that the timescale is thus in summary:-

To February 2003 - two franchises in the north, FNW and ATN. Both currently have major driver and train shortage problems.

February 2003 - 2004/2005 - THREE franchises in the north - FNW, ATN and TPE, meaning even more drivers, trains and management will be needed. If the TPE franchisee has agreed to order brand new trains, these could be available from, say, May 2004 at a push.

2005 onwards - back to two, Northern and TPE, but still needing more trains and drivers than one single franchise. Even given a fair wind and the ability of the new franchisee to order brand new trains, replacement/augmentation of the many clapped out "Pacer" units in the north will not start until 2007.

2008 - the earliest date we can expect any increase in frequencies for any services routing via Manchester or the main TPE route via Huddersfield. (Required infrastructure improvements could start being built around that time)

Conclusions and The Way Ahead

In pursuing a policy of having two rail franchises in the north of England, the SRA is alone: politicians, officials, rail user groups and rail campaigners have all voiced their opposition.

While the policy was "the best solution" when it was announced two years ago, the aftermath of the Hatfield crash and the government's inability or unwillingness to fund the inter-city vision of those days - and indeed to invest in railways in the north to the same proportional extent as it is funding developments in London and the south east - mean that the "two franchises" policy is no longer tenable. It will bring added costs and worsening connections between trains of different operators, and services across the north will be less robust in the face of continuing driver and train shortages.

The period between February 2003 and late 2004/early 2005 when there will be three franchises in the north will be a time of continuing driver, stock and management shortages. This is unacceptable, especially given the tribulations suffered by passengers in the region over the past year.

Quite simply, as the "inter-city vision" has vanished, so should the "two franchises" approach, until such times as the vision that the best railway in the country will be Trans Pennine can be revived!

It is also inequitable to proceed with TPE while:

- The future shape and finances of Railtrack are unknown.
- The Chairman of the SRA has resigned and his replacement has not been appointed: the SRA's direction may change under new leadership.
- The Secretary of State's new re-franchising guidelines are still only in draft form and there is a House of Commons Select Committee inquiry into them. Also, the Secretary of State himself is currently under some pressure following the issuing of a controversial e-mail by an adviser.
- MPs are strongly against the "two franchise" policy and an Early Day Motion seeking its change has been tabled and is well supported.

So, what does YHTAR urge should happen?

- 1/ a way should be found for the SRA and Stephen Byers to halt the present process without loss of political face. They should admit the policy is no longer tenable. Far more will be lost by sticking with the policy than by changing to a better, more logical and acceptable one now "in the light of developing circumstances". The TPE process, which has already cost bidders well over £5 million, should be stopped now.
- 2/ ATN and FNW should be permitted to place orders for brand new trains now, underwritten by the SRA, to provide better Trans Pennine services as soon as possible, as well as solving the acute train shortage there is at the local level.
- 3/ The government should realise that high-quality rail services are just as necessary, if not more so, in the north as elsewhere in the country and, by releasing more funds for their development between now and 2010, invest in the region by progressing the type of vision laid out by Sir Alastair Morton in 2000 - major improvements are needed to the Standedge (HuddersfieldStalybridge) route, the Woodhead line should be re-opened for passengers and freight, and the huge developments being planned for Manchester, and at Manchester Airport, which are the key to passenger and service growth throughout the region, should also be progressed as a priority, as should other related developments in the various area's Local Transport Plans.

In the longer term, for environmental and operational reasons, the transpennine network should be electrified.

- 4/ Until this investment can be committed - and we urge that is very soon, but realise it is unlikely in today's world - the present FNW and ATN franchises should be pooled, for reasons of economy of scale and ease of operation, as one franchise, out of which Trans-pennine can be split when and if the climate is right.

The future rail services in the Yorkshire and the Humber region in particular, and in the north of England in general, should be the best that available funding will permit: the present process is leading us away from that target.

Footnote

Those present at the 16 October meeting were: MPs - John Grogan (Selby), Alice Mahon (Halifax), Lawrie Quinn (Scarborough & Whitby), Hugh Bayley (York) and Helen Jackson (Sheffield Hillsborough) - and also Mr Derek Smallwood, a York City Councillor and chairman of the Trans Pennine Rail Group of Councils; Rail campaigners - the writer representing YHTAR and Transport 2000 West Yorkshire, and representatives of CPRE, T2000 North Yorkshire, Hull & East Riding and Selby; SRA directors - Graham Sibery, Graham Hampshire, and Steve Hoskins, plus Robert Plampin of the SRA secretariat.

Yorkshire & The Humber Transport Activists' Roundtable (YHTAR) is the umbrella pressure group embracing all sustainable transport campaigning groups in the region. It is managed by Transport 2000 and part-funded by the Countryside Agency. YHTAR's membership includes Transport 2000, Railfuture, various rail user groups, Friends of the Earth, the CPRE and other transport-orientated pressure groups, as well as concerned individuals

SRB

October 24, 2001