## Economy and Tourism Overview and Scrutiny Panel

<table>
<thead>
<tr>
<th>Report Subject</th>
<th>Improvements to the rail network</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meeting date</td>
<td>12 April 2016</td>
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</tbody>
</table>
| Cabinet Portfolios   | Councillor John Beesley – Leader of the Council and Portfolio for Resources  
                        Councillor Mike Greene – Portfolio for Transport, Sustainability and Carbon Management |
| Corporate Lead       | Bill Cotton, Executive Director, Environment & Economy |
| Service Director     | Roger Ball, Director, Development Services |
| Status               | Public                           |
| Classification       | For scrutiny                      |
| Key Decision         | No                               |
| Impacts on Key Policy Framework | No                             |
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### Recommendation(s)

**That the Panel considers and comments on the content of the report.**

### Reasons for recommendations(s)

To ensure that Panel Members are informed of the opportunities and constrains regarding any future improvements to the rail network.
1 This report has been prepared at the request of the Economy and Tourism Overview and Scrutiny Panel and considers possible improvements to rail services to/from Bournemouth and the mechanisms available for securing them.

2 The detailed background report included in Appendix 1 sets out the technical case for a range of improvements, the constraints in delivering them, and the current situation for track and train. The detailed background report included in Appendix 2 outlines a wider summary of the operation and organisation of the UK rail network. The detailed background report in Appendix 3 sets out the technical case for range of improvement to the stations and passenger experience.

3 The South Western Main Line (SWML) is one of the busiest and most congested routes in the UK. It serves a major commuter area as well as providing long distance services to Waterloo. There is also a large amount of leisure traffic to the coastal towns, and the route is also important for freight traffic particularly from Southampton heading northwards. As of 2015 there were 1,689 Weekday trains, 1,572 Saturday trains and 1,044 Sunday trains serving a total of 186 stations.

4 Based on the number of stations served and the frequency of service offered the SWML is efficiently and effectively run within the constraints its infrastructure allows. The service currently provided by the incumbent franchise holder is enhanced compare with the 1980s nationalised service despite significant passenger growth and introduction of Clapham Junction, Woking, Winchester and Southampton Parkway Airport.

5 Inherently the SWML is designed to funnel commuters into London as efficiently as possible with train numbers increasing as the proximity to London increases. The unfortunate side effect of the popularity of London Waterloo (just under 100m entry/exists for 2015) is the pressure this places on the remainder of the network.

6 The largest constraint to further growth is the section from Clapham into Waterloo; this section has no spare capacity to support additional services. For this section in particular the biggest constraint is the throat at Waterloo that bottlenecks all incoming and outgoing services. The next largest constraint is Clapham where an additional track is required to enable more stopping services to call. Network Rail list a number of further capacity constraints which impact on services between Bournemouth and London as follows:
1. Several flat junctions (e.g. Woking, Basingstoke and Eastleigh) which reduce capacity due to conflicting movements.
2. Only two tracks between just west of Basingstoke and Southampton.
3. Increases in slower freight services heading north from Southampton Docks.
4. The spacing of signals limits the numbers of trains can be on the tracks between Poole and Totton at any one time.

A number of initiatives are planned, or under consideration, to deal with these issues including:
1. Grade separated junctions at Woking and Basingstoke.
2. Extending loops to the north of Winchester to allow fast trains to pass slower ones.
3. An additional platform at Southampton Station.
4. Reducing signal spacing between Poole and Totton.
5. In the longer term, overhead electrification between Southampton and Basingstoke which could be extended to Bournemouth.

Notwithstanding the success of the SWML in offering a popular and frequent (at roughly 20min internals) long distance commuter service, locally the level of service within the conurbation is a lot lower than enjoyed by other large towns. Indeed the focus on long distance services has disadvantaged the local commuter market and prevents a high uptake in rail as realistic alternative to private car use. The 2011 census showed rail/metro had a 1.7% share in 2001 increasing to 2% in 2011 of journeys to work made by Bournemouth residents.

The mechanisms for achieving any improvements to the SWML for either local services or long distance are limited. The Council has no formal role in the rail industry; it has no direct influence on the specification of rail services or over their operation, but work in conjunction with the train operating companies (TOCs) and Network Rail to deliver improvements, for example by providing contributions to small improvements at stations, in the marketing and promotion of services, and in integrating the bus and rail networks wherever possible.

Principally the Council liaises with and lobbies Government and the rail industry to seek improvements to rail services and infrastructure by responding to DfT consultations on spending programmes, franchise renewals, and other periodic reviews.

The principal downside of responding to consultations is that Council is heard solely as a stakeholder amongst a larger number of other stakeholders. The SWML is a nationally important route with thousands of stakeholders. As a result to manage the volume of responses the DfT and Network Rail do not seriously entertain proposals for enhancements to services, track or other infrastructure without
significant evidence to support any request. Most often this is expected in the form of a costed business case. Nonetheless a consistent message is needed to keep attention focused on issues. Indeed many consultation responses share similarities and the greater the number of matching responses the more attention paid to an issue.

Many other authorities across the country are working jointly to enhance their ask for rail. Principally there are four main approaches taken:

1. Joint consultation response

Consultation events are cyclical in nature reflecting the timing of franchise renewals and spending periods. In order that an area’s case is heard for investing in its network Local Authorities respond directly. To strengthen the case for an area a joint response is prepared between neighbouring authorities highlight the key shared aims and requests. Typically local differences are still referred, such as station specific requirements, but the emphasis is on the shared ask.

Bournemouth, Poole and Dorset have a long history of jointly responding to rail consultations to reiterate the joint ask to government.

2. Rail Prospectus

Rail prospectuses are rail strategies or programmes of improvements typically over a 20 year period designed to illustrate how the interventions can help support and grow an areas or route’s economy. Rail prospectuses are developed in partnership between with local authorities, businesses and rail stakeholders (i.e. the Government, franchise holder(s) and Network Rail).

Example: East Anglia Rail Prospectus

A Rail Prospectus was produced in July 2012, updated in 2014, by Suffolk, Norfolk, Cambridgeshire and Essex county councils together with all of the East Anglian MPs, district councils and Local Enterprise Partnerships. It set out the high level priorities for the regional rail network with a unified call for investment in agreed priorities. It identified the importance of rail to helping the region’s economy grow and connecting key cities and towns.

Since the publication of the prospectus, Transport for London (TfL) announced and consulted upon proposals for a Crossrail 2 option linking into the area. In addition the new franchise specification will provide new rolling stock a key ask of the prospectus.

3. Rail Task Forces

Rail task forces are set up to deliver a clear agreed long-term goal. Generally they building on earlier work, often contained in a prospectus, and included a wide range of representatives. They are
chaired regularly with Task and Finish sub groups and working parties for topic specific work streams. Depending on the task force the maybe a formal terms of reference and regular parliament representation.

Example: **Peninsula Rail Task Force**

19 The Peninsula Rail Task Force (PRTF) representing the rail network for Cornwall, Devon, Plymouth, Somerset and Torbay was formed in early 2013 and is comprised by local authorities, business representation organisations (LEPs), MPs, train operating companies, bus operators, universities and Travel Watch South West, and special interest groups. As a single voice the PRTF has united support and set a clear agenda for their ask to the government.

20 The government has chosen it to be the representative body to identify and recommend strategic and local rail improvements up to 2034 (the end of the national rail funding control period 8) to Ministers for rail network covering Cornwall, Devon, Plymouth, Somerset and Torbay.

4. Politically driven lobbying

21 Targeted lobbing of Ministers can be an effective mechanism for securing high level commitment to enhancing services or infrastructure improvements. Local Councillors or more effectively groups of MPs can sway investment decisions in their favour through a targeted campaign of meetings, briefings, parliamentary speeches and direct requests to responsible ministers.

Example: **High Speed 2**

22 The authorities along corridor from London to the Midlands with support from some Northern authorities joined together to push for the same ask, a new high speed rail line to meet predicted capacity concerns for the East Coast Main Line, West Coast Main Line and the Midlands Main Line. This loose collation of MPs, local authorities and the business community worked together to lobby successive ministers to prioritise the delivery of this project.

23 The Labour government established High Speed Two Limited (HS2 Ltd) in 2009 to examine the case for a new high-speed line and presented a potential route between London and the West Midlands. The subsequent government report suggested that the line could be extended to reach Scotland.

24 Whilst differences about the route alignment have emerged the political consensus amongst the main parties still supports HS2, with the 1st phase scheduled to open for use in 2026.

Alternative example: **A6-Manchester Airport Relief Road**

25 A £290 million dual carriageway through green belt land between the A6 in Stockport and Manchester Airport at the M56.
The road was pushed into a closed programme with the help of former Chief Secretary to the Treasury, Danny Alexander. Indeed the road was accepted into the programme before even a draft business case was available which can be considered an exceptional circumstance. The scheme received an initial commitment of £165 million in DfT funding in the Autumn Statement of November 2011.

**Consultation**

High level strategic report at this stage only.

**Options**

The Upgrading Rail Services from Bournemouth background paper highlights a number of options for improving services. Principally these can be limited to 4 main options. Do nothing, do some minor short term enhancements, some longer term enhancements and a new high speed line.

Do nothing

The status quo remains an option but would fail to deliver a network that fully enhances the economic potential of the area. This option is ruled out on these grounds.

Do minimal (Short Term Enhancements)

The existing infrastructure is very heavily used at peak times and is at or close to capacity in a number of critical locations. A number of shorter term enhancements could be made to both east and westbound rail services from Bournemouth as well improvements to the on train experience. The main enhancements can be summarised as follows:

- Improved on-train facilities such as free wifi and power sockets for laptops/chargers.
- More flexible carriage layouts, perhaps with tip up seats, would allow more carriage of cycles, pushchairs and wheelchairs, particularly off-peak, and might therefore encourage more leisure travel.
- Greater efforts to reduce the closure of lines and the replacement of trains with buses during engineering works could benefit leisure travel and tourism - particularly at weekends and on public holidays.
- Increase rail usage at off-peak times by offering a greater range of advanced discounted tickets to include non-London destinations.
- Improving connectivity between Bournemouth Weymouth services, Weymouth-Yeovil services and Yeovil- Exeter services.

The majority of these enhancements are not related to infrastructure alterations and can therefore be delivered without significant investment from either the TOC or Network Rail. The Council will continue to work with both parties to deliver these enhancements. To that end the most
recent consultation responses have set out these requirements as a key short term ask.

Significant investment (Longer Term Enhancements)

32 Studies are already taking place on a western rail access to Heathrow, as well as a new cross-London east-west heavy rail link. Both of these could, in the longer term, provide additional and enhanced journey opportunities from Bournemouth.

33 The Heathrow Western Rail Access would involve a new line from just east of Langley on the mainline between Paddington and Reading to Heathrow Terminal 5. Some Bournemouth services could then travel directly to Heathrow via the existing rail line between Basingstoke to Reading. Should the proposal go ahead the new line is scheduled for completion in 2024.

34 Crossrail 2 would also provide much needed additional capacity into Waterloo by diverting some local services underground via Crossrail 2. Crossrail 2 as currently proposed would run from Wimbledon to Dalston in East London connecting rail services approaching London from the south west with those running north and east of London. If the proposal should proceed, completion is estimated in 2030.

35 Locally smaller stations in and around the conurbation are served by stopping services and potentially provide an alternative to car based trips in an East West direction. In the longer term it may be possible to run tram trains on the existing network with additional halts at for example, Boscombe and Westbourne. Tram trains could be extended into the Town Centre as proposed in the DARTs scheme. The potential cost of the DARTs scheme is significant and is not very developed.

New high speed line

36 The limitations present on the existing network, with current traffic levels, suggests that it would be difficult to radically reduce journey times (e.g. to one hour or below) without very significant improvements to infrastructure. If the HS2 cost per mile were applied to such a new route the total cost might be of the order of approximately £3.8 billion (without optimism bias) for 90 miles of high speed line. The massive costs and associated complexities make this extremely difficult.

**Summary of financial/resource implications**

37 High level strategic report at this stage only.

**Summary of legal implications**

38 High level strategic report at this stage only.
Summary of human resources implications
39 High level strategic report at this stage only.

Summary of environmental impact
40 High level strategic report at this stage only.

Summary of equalities and diversity impact
41 High level strategic report at this stage only.

Summary of risk assessment
42 High level strategic report at this stage only.

Background papers

Appendices

Appendix 1: Upgrading Rail Services from Bournemouth

Appendix 2: Organisation and Operation of the UK Railway Network

Appendix 3: Upgrading Bournemouth and Pokesdown Stations and passenger experience
1. Introduction.

This report has been prepared at the request of the Economy and Tourism Overview and Scrutiny Panel and considers possible improvements to rail services to/from Bournemouth and has a particular focus on services running from Bournemouth eastwards towards London. Some other improvements are also mentioned where they might offer significant benefits.

Principal Stations and Main Railway lines between Bournemouth and London.

2. Current Inter-urban Services.

2.1 Track & Structures.

The table below shows the maximum speeds on various sections of line between Bournemouth and London. It should be noted that maximum speeds are not always achievable throughout each section of line as trains take a lot longer to accelerate and brake than road vehicles. It could for example take a mile for a passenger train travelling at 90 mph to come to a halt. Increasing the maximum speed on a section of line may therefore have little effect if a train has to stop or slow for a restriction nearby.

Many of the structures on the Bournemouth line (and many other UK lines) have relatively tight clearances between the trains and lineside structures. This restricts the types of trains which can run on the line, for example, it is not possible to run double deck trains without significant investment to increase these clearances.
Approximate Maximum Speeds on Fast Lines in Normal Direction\(^1\).

<table>
<thead>
<tr>
<th>Approx. Mileage from Waterloo</th>
<th>Section</th>
<th>Approx. Line Speed over section</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 0.5</td>
<td>Waterloo Station Throat</td>
<td>15 mph</td>
</tr>
<tr>
<td>0.5 - 4</td>
<td>Waterloo Station Throat - Clapham</td>
<td>40-60 mph</td>
</tr>
<tr>
<td>4 - 11</td>
<td>Clapham - Surbiton</td>
<td>75 mph</td>
</tr>
<tr>
<td>11 - 24.5</td>
<td>Surbiton - Woking</td>
<td>85-90 mph</td>
</tr>
<tr>
<td>24.5 - 74.5</td>
<td>Woking - Southampton Airport Parkway</td>
<td>90-100 mph</td>
</tr>
<tr>
<td>74.5 - 78</td>
<td>Southampton Airport Parkway - Northam Jct.</td>
<td>75 mph</td>
</tr>
<tr>
<td>78 - 80</td>
<td>Northam Jct - East of Millbrook</td>
<td>40 mph</td>
</tr>
<tr>
<td>80 - 82</td>
<td>East of Millbrook - Redbridge</td>
<td>60-65 mph</td>
</tr>
<tr>
<td>82 - 83</td>
<td>Redbridge - Totton</td>
<td>50-60 mph</td>
</tr>
<tr>
<td>83 - 103</td>
<td>Totton - West of Hinton Admiral</td>
<td>80-90 mph</td>
</tr>
<tr>
<td>103 - 106.5</td>
<td>West of Hinton Admiral - Pokesdown</td>
<td>60-70 mph</td>
</tr>
<tr>
<td>106.5 - 108</td>
<td>Pokesdown - Bournemouth</td>
<td>30-60 mph</td>
</tr>
</tbody>
</table>

Note. Lower speeds (30-40 mph) when passing non-stop through certain stations, e.g. Clapham Junction, Woking, Southampton Central, Christchurch.

2.2. Passenger Trains & Power Supplies.

The Bournemouth line is electrified at 750V DC using a third rail to supply power to the trains. Electrical power is provided to the tracks from the National Grid via substations at intervals along the line. The power provided by the substations can determine the number and speed of electric trains running along the line. At present there are restrictions on services west of Poole due to limited power supplies.

Broadly three types of 750 V DC electric trains have been used on fast services since electrification in 1967. The first (1967-1988/9 4REP) had a maximum permitted speed of 90 mph, the second Class 442 Wessex Electrics (1988/9-2007) 100 mph and the current Class 444 Desiro (2007-) 100 mph. The Class 442 currently holds the record for the fastest third rail electric train in the world (108 mph attained on 11 April 1988). A 5 car Class 444 weighs 227 tonnes and has a power output of 2700 hp.

Faster UK passenger trains are in service running on diesel power (e.g. InterCity 125, design/service: 125 mph), or overhead electric power 25 kV AC (e.g. Pendolino, design: 140 mph, service: 125 mph). Changing the Bournemouth line to overhead electric power would be expensive\(^2\), as in addition to the costs of the new wiring, numerous bridges and tunnels would need to be raised to accommodate the wires above the trains. Nevertheless overhead electrification may happen in the longer term as an add on to proposals for overhead electrification between Southampton and Basingstoke. Diesel trains generally accelerate more slowly and a switch to diesel power would increase train maintenance costs and local emissions\(^3\).

2.4. Timetabling.

One of the main issues raised is the speed of services between Bournemouth and London. There is a perception that rail journey times are longer than they might be. This perception is reinforced by the fact that in the last 20-30 years additional stops have been added in between Bournemouth and London. In the inter-war steam days some trains ran non-stop from Bournemouth to London, with the "Bournemouth Limited" running every weekday making the journey in 120 minutes. Services were speeded up when the line was electrified and in the 1970s fast trains only stopped at Southampton Central on the way to London Waterloo. In the 1980's Southampton Airport Parkway was added as a stop. More recently additional stops have been added and fast trains regularly call at Clapham Junction, Woking, Winchester, Southampton Airport Parkway,

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\(^1\) NetworkRail Kent Sussex Wessex Sectional Appendix. December 2009 (Supplement no . 25 - 5 December 2015)

\(^2\) In “Britain’s Transport Infrastructure Rail Electrification”, the DfT estimated the cost of the Liverpool to Manchester electrification to be £100 million for 32 miles in July 2009 (£3.125 million per mile). Costs have since risen significantly.

\(^3\) Trains running on electrified lines emit on average 20 per cent to 30 per cent less carbon dioxide than diesel trains. It costs around 60p a mile to maintain a diesel train compared with only 40p for a train running on an electrified line. Electrified rail network: the benefits The Telegraph 23 Jul 2009. http://www.telegraph.co.uk/news/uknews/road-and-rail-transport/5892821/Electrified-rail-network-the-benefits.html
Southampton Central and Brockenhurst before reaching Bournemouth. Journey times on fast services have been extended by around 7 minutes, from 98 minutes in the mid 1980's\(^4\) to approximately 105 minutes now.

Estimates of Station Usage Waterloo to Weymouth 2014-15\(^5\).

<table>
<thead>
<tr>
<th>Station Name</th>
<th>Total Entries &amp; Exits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waterloo (UK's busiest station)</td>
<td>99,201,604</td>
</tr>
<tr>
<td>Clapham Junction</td>
<td>26,465,840</td>
</tr>
<tr>
<td>Vauxhall</td>
<td>21,111,416</td>
</tr>
<tr>
<td>Wimbeldon</td>
<td>19,526,884</td>
</tr>
<tr>
<td>Surbiton</td>
<td>9,603,768</td>
</tr>
<tr>
<td>Woking</td>
<td>7,963,172</td>
</tr>
<tr>
<td>Southampton Central</td>
<td>6,433,514</td>
</tr>
<tr>
<td>Earlsfield</td>
<td>6,553,176</td>
</tr>
<tr>
<td>Basingstoke</td>
<td>5,561,414</td>
</tr>
<tr>
<td>Winchester</td>
<td>4,915,402</td>
</tr>
<tr>
<td>Raynes Park</td>
<td>4,513,818</td>
</tr>
<tr>
<td>New Malden</td>
<td>3,523,712</td>
</tr>
<tr>
<td>Farnborough (Main)</td>
<td>3,081,070</td>
</tr>
<tr>
<td>Walton-On-Thames</td>
<td>2,868,664</td>
</tr>
<tr>
<td>Southampton Central</td>
<td>2,624,682</td>
</tr>
<tr>
<td>Earlsfield</td>
<td>2,502,734</td>
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<tr>
<td>Clapham Junction</td>
<td>1,814,208</td>
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<tr>
<td>Southampton Airport (Parkway)</td>
<td>1,651,626</td>
</tr>
<tr>
<td>Eastleigh</td>
<td>1,643,476</td>
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<tr>
<td>Queenstown Road (Battersea)</td>
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<tr>
<td>West Byfleet</td>
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<tr>
<td>Poole</td>
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<td>Esher</td>
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<td>Brockenhurst</td>
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<td>Brookwood</td>
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<tr>
<td>Hersham</td>
<td>830,862</td>
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<tr>
<td>Weymouth</td>
<td>756,022</td>
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<tr>
<td>Hook</td>
<td>809,570</td>
</tr>
<tr>
<td>New Milton</td>
<td>603,240</td>
</tr>
<tr>
<td>Dorchester South</td>
<td>471,340</td>
</tr>
<tr>
<td>Christchurch</td>
<td>465,334</td>
</tr>
<tr>
<td>Byfleet &amp; New Haw</td>
<td>439,790</td>
</tr>
<tr>
<td>Berrylands</td>
<td>405,862</td>
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<tr>
<td>Winchfield</td>
<td>378,578</td>
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<td>Pokesdown</td>
<td>315,302</td>
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<td>Totton</td>
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<td>St.Denys</td>
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<tr>
<td>Branksome</td>
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<tr>
<td>Parkstone</td>
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<td>Wool</td>
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<td>Hinton Admiral</td>
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<td>Micheldever</td>
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<tr>
<td>Hamworthy</td>
<td>157,940</td>
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<tr>
<td>Swaythling</td>
<td>138,090</td>
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<tr>
<td>Ashurst New Forest</td>
<td>124,132</td>
</tr>
<tr>
<td>Sway</td>
<td>104,232</td>
</tr>
</tbody>
</table>

\(^4\) Thanks to Barry Doe www.barrydoe.co.uk for historical timetable information.

\(^5\) Office of Rail and Road 2016
Estimates of Station Usage Waterloo to Weymouth 2014-15 (continued).

<table>
<thead>
<tr>
<th>Station Name</th>
<th>Total Entries &amp; Exits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moreton (Dorset)</td>
<td>54,782</td>
</tr>
<tr>
<td>Upwey</td>
<td>47,936</td>
</tr>
<tr>
<td>Holton Heath</td>
<td>37,616</td>
</tr>
<tr>
<td>Millbrook (Hampshire)</td>
<td>40,524</td>
</tr>
<tr>
<td>Redbridge</td>
<td>38,750</td>
</tr>
<tr>
<td>Beaulieu Road</td>
<td>8,380</td>
</tr>
</tbody>
</table>

Additional stops have been added in part to cater for increased demand into London from stations between Bournemouth and London, e.g. Southampton Airport and Winchester. The table above shows the significance of the principle stations in terms of the rail traffic generated and helps to explain why Bournemouth services stop at number of other stations en-route to Waterloo. Bournemouth is the 15th busiest station on the line.

Reducing the speeds of fast services, relative to slow ones, also maximises capacity on this already congested line. Trains can then effectively travel in convoy without the fast trains catching up with the slow ones.

South West Trains 2015 Timetable Monday-Friday (AM).

Although the maximum speed of the trains has not significantly increased since electrification the improved acceleration and braking performance of the more modern trains has limited the impact of the extra stops added to timetables.

Another component on the journey times shown in the public timetable is recovery time or padding. An element of extra time is added to the journey times in the timetables to allow for small variations in journey times and to increase the reliability of arrival times.

3. Options to Speed Up London Services.

3.1. New High Speed Line

The limitations present on the existing network, with current traffic levels, suggests that it would be difficult to radically reduce journey times (e.g. to one hour or below) without very significant improvements to infrastructure. This effectively means a new high speed line.
For the proposed High Speed 2 (HS2) line, going north from London, the Government have a targeted cost of “£43 million per mile”. The cost of construction for HS1 (the Channel Tunnel to Kings Cross link) in 2011 prices was £37.6 million per mile.  

Finding a surface alignment for a new high speed line from Bournemouth to London would be difficult and probably impossible through the London suburbs. A new section of high speed line could perhaps be constructed from Woking to Southampton and from Southampton to Bournemouth. If the HS2 cost per mile were applied to such a new route the total cost might be of the order of approximately £3.8 billion for 90 miles of high speed line.

On the basis of the domestic high speed services from Canterbury to London on High Speed 1, it might be possible to reduce Bournemouth to London journey times to around one hour with stops at Southampton and perhaps Winchester or Basingstoke.

The massive costs and associated complexities probably rule this option out.

3.2. Enhancements to Existing Infrastructure.

The existing infrastructure is very heavily used at peak times and is at or close to capacity in a number of critical locations. Network Rail report that the fast lines to the east of Surbiton, used by Bournemouth services, expect...

"...growth of 40 per cent by 2043. It is critical to note that even before growth is considered approximately 20% additional capacity is required to deal with existing over crowding on these services. Standing is commonplace from Woking and Basingstoke... Passengers are also standing from as far away as Winchester on fast services to London Waterloo"

The report goes onto state that...

"Of particular note .. is the fact that the density of operation on the single Up (London bound) Fast Line inwards of Surbiton during the peak is higher than on any other single stretch of main line in the UK"

A number of initiatives are already underway to deal with capacity issues, including bringing the Waterloo International platforms back into use for domestic services and upgrading track near the station.

Network Rail list a number of further capacity constraints which impact on services between Bournemouth and London.

1. Several flat junctions (e.g. Woking, Basingstoke and Eastleigh) which reduce capacity due to conflicting movements.
2. Only two tracks between just west of Basingstoke and Southampton.
3. Increases in slower freight services heading north from Southampton Docks.
4. The spacing of signals limits the numbers of trains can be on the tracks between Poole and Totton at any one time.

A number of initiatives are planned, or under consideration, to deal with these issues including:

1. Grade separated junctions at Woking and Basingstoke.
2. Extending loops to the north of Winchester to increase allow fast trains to pass slower ones.
3. An additional platform at Southampton Station.
4. Reducing signal spacing between Poole and Totton.

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6 The Select Committee on Economic Affairs Inquiry on The Economic Case for HS2. Tuesday 9 December 2014.
7 Canterbury West to London St Pancras International takes 56 minutes by Javelin train using a mix of conventional and high speed tracks. The London approach is in tunnel which reduces top speeds. Previous fast services from Canterbury to London on the conventional rail alignment took approximately 1 hour 30 minutes to London Charing Cross.
8 Network Rail. Wessex Route Study. August 2015.
9 Network Rail. Wessex Route Study. August 2015.
5. In the longer term, overhead electrification between Southampton and Basingstoke which could be extended to Bournemouth.

3.3. Increasing Speeds and Reducing Number of Stops.

In the short term with the existing alignment and current form of electrification it would be hard to increase maximum speeds significantly. It may be possible to slightly improve the line speeds on some sections of track and some stops could also be omitted. On the basis of previous timetables, this could theoretically reduce journey times from Bournemouth to London from 105 to perhaps 95-98 minutes.

However, reducing journey times in this way would mean reducing service levels at important intermediate stations, such as Southampton Parkway and Winchester. Any proposed faster Bournemouth London services may also be obstructed by slower stopping services, including container trains from Southampton. More detailed work would need to be done to establish to what extent this might be possible, but congestion on the line means that there is no guarantee that journey times from Bournemouth to London could be significantly reduced in the short term. Nevertheless an increase in service frequencies would reduce waiting/adjustment time for passengers making services more attractive.

In the longer term, the replacement of third rail electrification with overhead wiring could result in an increase in line speeds on some sections to 125 mph and a consequent reduction in journey times. This could reduce journey times between Woking and Poole by 5-10 minutes\textsuperscript{10}.

4. Other Service Short Term Enhancements.

A number of other shorter term enhancements could be made to both east and westbound rail services from Bournemouth. These have been put forward as Bournemouth's Council's response to the South West rail franchise renewal\textsuperscript{11}.

- Improved on-train facilities such as free wifi and power sockets for laptops/chargers could enhance the ability to work on the train increasing productivity.

- More flexible carriage layouts, perhaps with tip up seats, would allow more carriage of cycles, pushchairs and wheelchairs, particularly off-peak, might encourage leisure travel. This might also allow the carriage of time sensitive packages.

- Greater efforts to reduce the closure of lines and the replacement of trains with buses during engineering works could benefit leisure travel and tourism - particularly at weekends and on public holidays.

- Increase rail usage at off-peak times by offering a greater range of advanced discounted tickets to include non-London destinations. There should, however, always be the ability to get a walk on ticket at a reasonable cost.

- Improving connectivity between Bournemouth Weymouth services, Weymouth-Yeovil services and Yeovil-Exeter services. This could significantly reduce rail journey times and costs from Bournemouth to Devon and Cornwall. This would ideally be achieved by a Bournemouth - Weymouth/Upwey - Yeovil Pen Mill - Yeovil Jct- Exeter service. A simpler alternative might be a Weymouth - Yeovil - Exeter service which would connect with Bournemouth - Weymouth trains\textsuperscript{12}.

\textsuperscript{10} Network Rail. Wessex Route Study. August 2015.
\textsuperscript{11} Bournemouth Borough Council. South Western Rail Franchise Consultation Response. February 2016.
\textsuperscript{12} This is an aspiration in the Bournemouth Poole and Dorset LTP 3. A preliminary study has been carried out by BNR Consulting. The Implementation and Likely Effects on Demand of Improved Rail Links in Wessex - The Yeovil Junction Southern Chord. 2002.
• Offering greater flexibility on services during the summer to meet fluctuating customer
demand generated by major events in the town particularly around school holiday periods.

• Ensuring that any increase in capacity comes in the form of additional services, rather than
coaches with 3+2 seating.

• Improvements in consistency in frequency and duration of later running trains.

• Sped up and more direct services from Bournemouth along the coast eastwards, e.g. direct
Bournemouth to Portsmouth, or Bournemouth to Gatwick/Brighton services.

• Ensuring good connections at Wareham with the Swanage Railways services, which are
expected to commence in March 2017. In the longer term, offering services between
Bournemouth and Swanage could be beneficial for both commuter and tourist/leisure travel.

• The possibility of introducing a South East Dorset bus/rail travelcard should be investigated.
Some form of discounted travel associated with local employer’s travel plans could also be
considered.

• Improved access to stations by other modes of transport and by the disabled to encourage
multi-modal trips. E.g. better pedestrian and cycle access routes. Additional cycle parking,
lifts at stations etc.

• Combined bus/rail ticketing in SE Dorset could help make public transport as a whole more
attractive. This might be achieved by the council if resources were to be made available.

5. Other Longer Term Opportunities.

5.1. Heathrow Western Connection & CrossRail 2.

Studies are already taking place on a western rail access to Heathrow, as well as a new cross-
London east-west heavy rail link. Both of these could, in the longer term, provide additional and
enhanced journey opportunities from Bournemouth.

The Heathrow Western Rail Access would involve a new line from just east of Langley on the
mainline between Paddington and Reading to Heathrow Terminal 5. Some Bournemouth services
could then travel directly to Heathrow via the existing rail line between Basingstoke to Reading.
Should the proposal go ahead the new line is scheduled for completion in 2024.

Crossrail 2 would also provide much needed additional capacity into Waterloo by diverting some
local services underground via Crossrail 2. Crossrail 2 as currently proposed would run from
Wimbledon to Dalston in East London connecting rail services approaching London from the south
west with those running north and east of London. If the proposal should proceed, completion is
estimated in 2030.

5.1. Cross-Conurbation (Suburban/Metro/Tram-Train) Network.

Smaller stations in and around the conurbation are served by stopping services and potentially
provide an alternative to car based trips in an East West direction. At present rail makes only a
minor contribution to such journeys and the 2011 census showed rail/metro had a 1.7% share in
2001 increasing to 2% 2011 of journeys to work made by Bournemouth residents.

At present there are a number of issues with cross-conurbation services which if addressed
would make rail more competitive for local journeys and help to switch some travel from road.
• Only 2 trains per hour running cross-conurbation from Wareham & Hamworthy to Parkstone, Branksome, Pokesdown & Christchurch;
• Only one train per hour at many smaller stations;
• Limited integrated ticketing with buses;
• Access issues and inadequate cycle parking.

South West Trains 2015 Timetable Monday to Fridays (PM).

In the short term a number of improvements might be made to local services to make rail more attractive to those travelling east-west.

• Additional stopping services across the conurbation from perhaps Wareham to Christchurch, Hinton Admiral or New Milton.
• The promotion of rail park and ride at some outer stations for example, Wareham and Hinton Admiral.

In the longer term it may be possible to run tram trains on the existing network with additional halts at for example, Boscombe, Westbourne and just south of Bournemouth University's Talbot Campus. Tram trains could be extended into the Town Centre as proposed in the DARTs scheme. In the much longer term such a network could be extended to include new links northwards to the Airport and perhaps Broadstone and Wimborne.

A Possible SE Dorset Metro using Existing Rail Alignments.

13 For example, Discussion DRAFT The South East Dorset Heavy Rail Upgrade (SEDRU). Bournemouth Borough Council 13 March 2005.
14 Dorset Area Rapid Transport System (DARTS), outlined in Bournemouth Poole and Dorset Local Transport Plan 3. April 2011.
5.2. Better Links Westwards: Weymouth, Exeter, Plymouth (A35 Corridor) etc.

Travelling by rail from Bournemouth to points west of Dorchester/Weymouth is currently difficult and time consuming. Passengers are frequently sent via Southampton and Salisbury which involves travelling 25 miles in the wrong direction. There is, however, a railway going north from Dorchester which crosses the east-west Waterloo Exeter line near Yeovil. The east-west line and the north-south lines each have their own stations at Yeovil (Yeovil Pen Mill and Yeovil Junction) which are several miles apart. Although there is a track connecting the two stations, there are no regular passenger services using this link. It would be possible to run services from Weymouth to Yeovil Junction station (served by Exeter trains) by reversing at Yeovil Pen Mill.

North and West Rail Links from Bournemouth.

There are some capacity restrictions going west from Bournemouth, but these are more easily addressed than going east, as sections of these lines were singled in the past (e.g. Dorchester South- Moreton, Dorchester West- Yeovil Pen Mill and large sections of the Yeovil Junction-
Exeter line). The trackbeds are still available and some track could be redoubled to provide enhanced services to the west.

Even without new services from Weymouth to Exeter. There is a case to redouble the section of track between Moreton and Dorchester South as well as the power supply west of Poole to improve timekeeping and enable additional services.

5.3. Ringwood Park and Ride.

A report in June 2009 by the Association of Train Operating Companies (ATOC)\textsuperscript{15} identified the reopening the railway from Brockenhurst to Ringwood as having potential. The new station would form a railhead for the northern and western parts of the SE Dorset conurbation including Ringwood, Ferndown, West Moors and Wimborne, as well as the rural area to the north, including Verwood and Fordingbridge. Their initial analysis suggested an indicative capital cost of £70m with the scheme generating a benefit: cost ratio of 1.5.

This line could help relieve congestion on the A31 and could potentially be extended further west on to Bournemouth Airport or via the rest of the old rail alignment towards Wimborne. The reinstated line to Ringwood would, however, run through the New Forest National Park.

5.4. Winchester-Alton.

The re-opening of the line from Winchester to Alresford which runs parallel to the A31 might, in the longer term, provide some additional capacity and a useful diversionary route. There are, however-significant issues with this as the trackbed has been severed by the M3 and there is a preserved railway running along 10 miles of the route.

\textsuperscript{15} ATOC. Connecting Communities Expanding Access to the Rail Network. June 2009.
1. **Introduction.**
This report has been prepared at the request of the Economy and Tourism Overview and Scrutiny Panel and considers the structure, organisation, operation, and to a lesser degree the ability to influence the rail network.

2. **Organisation of the Railways.**

2.1 **Current situation.**

At its simplest Network Rail is the monopoly owner and operator of the national rail network and its assets such as track, bridges, signalling, while the train operating companies (TOCs) and freight operating companies (FOCs) run the trains.

Northern Ireland is run separately as a public owned single (vertically integrated) operator with responsibility of all aspects of the network including running trains, maintaining rolling stock and infrastructure, and pricing.

Like Northern Ireland in Scotland transport is a devolved function unlike Northern Ireland rail in Scotland is not vertically integrated into a single body. Transport Scotland was created in 2006 to carry out the transport functions of the Scottish Executive, including responsibility for devolved powers over rail franchising, appraisals of capital investment projects in the rail sector, advising on rail investment decisions and providing the specification of railway outputs to the Scottish government. Despite devolution to the Scottish Executive, the DfT have considerable influence. Due to the close relationship of services into and out of Scotland with the remainder of the mainland UK the DfT is obliged to inform and take full account of the views of the Chief Executive of Transport Scotland prior to approving any new commercial transactions that have a material impact on the Scottish network.

Wales has a lesser degree of devolution for transport, and rail in particular as this is managed by Network Rail directly. The Welsh Assembly Government (WAG) is a joint signatory with the Secretary of State for Transport to the Wales and Borders franchise for train services operating within Wales. Currently WAG has powers to develop and fund infrastructure enhancement schemes, develop new rail passenger services, invest in improving the journey experience for rail users and fund rail freight improvement schemes. But this is changing as the Welsh Assembly will be responsible for rail franchising functions from 2017.

2.2 **Current length and usage.**

The British network is one of the busiest in Europe accounting for approximately 20% of all passenger journeys made in Europe and remains the fifth most used in the world. In 2015 there was a ridership of more than 1.6 billion passengers totalling 62.9km (39.1 miles) billion passenger kilometres of travel. This is a 117% in journeys compared with 1994 (from 761 million) and just over doubling the passenger kilometres.

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1 ORR, 2016 Passenger Rail Usage Statistical Release
Since its creation in 2002 Network Rail has reduced delay minutes from 14.7 million per year to 7.7 million\(^2\). This is despite a sustained increased in overall train numbers and passenger volumes coupled with a smaller increase of freight tonnage (a 13% uplift on 2002 equivalent to over 100m tonnes of freight annually).

Despite many lines having closed in the 20th century it remains one of the densest rail networks in the world, although it must be recognised that the UK is one of the most densely populated countries. In 2015 the UK rail network as managed by Network Rail comprised 15,760 kilometres (9,790 miles) of standard-gauge lines, of which 5,272km (3,276 miles) were electrified\(^3\). This represents just over 40% its peak size of 37,720km (23,438 miles). In addition to this the UK rail network includes more than 40,000 bridges and tunnels, and more than 2,500 stations, with all but 18 stations managed by the TOCs or Open Access Operators (OAOs).

2.3. Roles and Responsibilities.

There are a number of bodies which collectively have a role in the running of the UK rail network. A more comprehensive diagram is included in Appendix A. Below is a simplified outline of the main players:

- The Department for Transport (DfT) sets the strategic direction for the UK rail network and works with various partners to deliver major projects. It is also responsible for specifying and letting contracts to train operating companies to run franchised passenger services in England and inter-city services to and from Scotland and Wales.
- TOCs are responsible for the day-to-day running of services, as well as managing most stations on their routes.
- Network Rail has responsibility for the management of the track and signal infrastructure, rail bridges, and for carrying out engineering work and setting speed restrictions. It also manages some larger stations to reduce unnecessary competition between franchise holders. Network Rail is regulated under its network licence. There are six parts to Network Rail’s licence covering: network management and timetabling; restrictions on activities; dealings with third parties; information requirements; corporate requirements and standard industry obligations.
- The Office of Roads and Rail (ORR) is the economic and safety regulator and is independent of the railway industry and government. It is responsible for ensuring all organisations working on the railways comply with health and safety regulations. The ORR also monitors the performance of Network Rail to ensure it manages the railway infrastructure efficiently and safely.
- Transport for London and the six English Passenger Transport Executives (PTEs) - Merseyside (not including Merseyrail), Greater Manchester, Tyne and Wear, West Midlands (Centro), West Yorkshire and South Yorkshire – also have a role in rail franchising and the long-term planning of the network in their regions. This includes a statutory right to be consulted on rail franchises in their area and a role in proposing amendments and enhancements to the franchise specification in their area. The Devolution agenda and City Deals are altering this arrangement extending powers to other areas as part of a move to a wider coverage of Combined Authorities.
- ATOC is the trade association of TOCs. It runs the centralised ticketing system, manages national products such as railcards and provides the National Rail Enquiries service.
- Passenger Focus is the independent consumer watchdog. As well as protecting the interests of Britain’s rail passengers, its role also covers England’s bus passengers

\(^2\) Network Rail, 2014 Network Rail’s Delivery Plan for Control Period 5
\(^3\) ORR, 2015 Rail infrastructure, assets and environment 2014-15 Annual Statistical Release
outside London, coach passengers on scheduled domestic services and tram passengers.

- The Rail Accident Investigation Branch (RAIB) is the independent railway accident investigation organisation for the UK and works closely with the ORR.
- The British Transport Police (BTP) is the national police force for the railways, which works to protect the safety of railway staff and passengers throughout England, Wales and Scotland.

2.4 The Network

For management purposes, the national rail network is divided into ten regional operating routes, each constituting a separate business unit with its own accounts to facilitate greater benchmarking of performance between operations. The ten routes are Anglia, Kent, London North East, London North West, East Midlands, Scotland, Sussex, Wales, Wessex and Western. Network Rail also owns the land, rail infrastructure and assets on the Isle of Wight but these have been leased to Stagecoach South Western Trains Limited (under the Island Line brand) up to 2019.

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4 Network Rail, 2016
The TOCs, FOCs and OAOs all pay Network Rail an access charge for the privilege to run their trains on the track. OAOs operate on a commercial basis with no subsidy, but fares set by OAOs are not subject to fare regulation. Generally OAOs are a lesser priority for Network Rail in comparison with TOCs (or indeed FOCs) and more likely to be niche services. The level of access charges paid to Network Rail is regulated by the ORR through a process of five-yearly periodic reviews known as Control Periods and, where appropriate, interim reviews.

2.6 Future planning.

The rail industry planning cycle is based Periodic Review known as a Control Period. The planning period is set out in periods of five years cycles. Central to the review is ORR’s assessment of what Network Rail must achieve, the money it needs to do so, and the incentives needed to encourage delivery and outperformance.

The current Control Period (CP5) runs until 2019. The CP5 enhancement programme is already underway at a cost of nearly £15 billion. A periodic review is due in 2018 which will set out the outputs and funding for Control Period 6 (CP6). CP6 is almost certain to include all the projects postponed by the Hendy Review such as Western Rail Link to Heathrow and the Wessex Capacity Improvement Programme Phase 2 in addition numerous other proposals necessary to allow the network to continue operating at its most effective whist managing pressures for additional growth in usage. The ORR will start the consultation with stakeholders in 2017 for the periodic review.

The Government will publish its High Level Operating Statement (HLOS) and Statement of Funds Available (SoFA) in approximately July 2019. These documents set out the major projects it wishes Network Rail to deliver in CP6 and the funding it is prepared to offer to pay for it. This will include already committed projects (i.e. that had previously been announced and in some cases will already be underway).

Based on the Shaw Review it is likely that operations, maintenance and renewals expenditure will continue to be set by a Periodic Review process, run by the ORR with input from industry and Government. Shaw has endorsed a more decentralised role for the ORR and recommended that the ORR should, for the next Periodic Review, regulate Network Rail on a route level, setting regulated outputs, expenditure and revenue by route5.

3. Franchising.

3.1 Rail passenger services.

The vast majority of rail passenger services in the UK are contracted by the Government under the rail franchising system established by the Railways Act 1993. OAOs are excluded from this as they typically are either identify a new market for train services not currently served by a franchise or are used by heritage railways with mainline running.

Franchised TOCs operating passenger rail franchises are awarded the right to run specific services within a specified area for a specific period of time, in return for the right to charge fares and, where appropriate, to receive financial support from the franchising authority, Rail Group a subdivision of DfT. There are currently 16 franchises operating in England and Wales and two in Scotland. The table overleaf shows the current franchises TOCs. A more detailed chart is included in Appendix B showing the current status of the Franchises in their franchising cycle.

5 Shaw Review, The future shape and financing of Network Rail: The recommendations, 2016
Rail franchises in Great Britain in 2016

<table>
<thead>
<tr>
<th>Franchise</th>
<th>Operating name (franchised TOC)</th>
<th>Franchisee (TOC owner group)</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>England and Wales</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chiltern</td>
<td>Chiltern Railways</td>
<td>Arriva</td>
<td>Mar 2002–Dec 2021</td>
</tr>
<tr>
<td>East Anglia</td>
<td>Abellio Greater Anglia</td>
<td>Abellio</td>
<td>Feb 2012–Oct 2016</td>
</tr>
<tr>
<td>East Coast</td>
<td>Virgin East Coast</td>
<td>Stagecoach/Virgin</td>
<td>Mar 2015–Mar 2023</td>
</tr>
<tr>
<td>East Midlands</td>
<td>East Midlands Trains</td>
<td>Stagecoach</td>
<td>Nov 2007–Mar 2018</td>
</tr>
<tr>
<td>Essex Thameside</td>
<td>c2c</td>
<td>National Express</td>
<td>Sep 2014–Nov 2029</td>
</tr>
<tr>
<td>Great Western</td>
<td>First Great Western</td>
<td>First Group</td>
<td>Apr 2006–Apr 2019</td>
</tr>
<tr>
<td>Northern</td>
<td>Northern</td>
<td>Serco/Abellio</td>
<td>Dec 2004–Apr 2016</td>
</tr>
<tr>
<td>South Eastern</td>
<td>Southeastern</td>
<td>Gova</td>
<td>Apr 2006–Jun 2018</td>
</tr>
<tr>
<td>South Western</td>
<td>South West Trains</td>
<td>Stagecoach</td>
<td>Feb 2007–June 2017</td>
</tr>
<tr>
<td>Thameslink, Southern &amp;</td>
<td>Thameslink, Great Northern, Southern, Gatwick</td>
<td>GoVia</td>
<td>Sep 2014–Sep 2021</td>
</tr>
<tr>
<td>Great Northern</td>
<td>Express</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TransPennine Express</td>
<td>First TransPennine Express</td>
<td>First Group/Keolis</td>
<td>Feb 2004–Apr 2016</td>
</tr>
<tr>
<td>West Midlands</td>
<td>London Midland</td>
<td>GoVia</td>
<td>Nov 2007–Oct 2017</td>
</tr>
<tr>
<td>West Coast</td>
<td>Virgin</td>
<td>Stagecoach/Virgin</td>
<td>Mar 1997–Sep 2017</td>
</tr>
<tr>
<td>Wales &amp; Borders</td>
<td>Arriva Trains Wales</td>
<td>Arriva</td>
<td>Dec 2003–Oct 2018</td>
</tr>
<tr>
<td><strong>Scotland</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Caledonian Sleeper</td>
<td>Caledonian Sleeper</td>
<td>Serco</td>
<td>Mar 2015–Mar 2030</td>
</tr>
<tr>
<td>ScotRail</td>
<td>Abellio</td>
<td></td>
<td>Apr 2015–Mar 2025</td>
</tr>
</tbody>
</table>

The TOCs are dominated by the major players in the transport industry such as National Express Group plc, Stagecoach Group plc, Arriva plc, First Group plc, Go-Ahead Group plc, and Virgin Group plc. There is even involvement of other European state rail companies in Britain’s railways such as SNCF (via Keolis), Nederlandse Spoorwegen (via Abellio) and most recently Deutsche Bahn (via Arriva, Chilterns and CrossCountry amongst others).

3.2 Franchise Process.

The franchising system is designed to ensure value for money for taxpayers and provide assurance for the Government that the franchises are delivering efficiently. It allows the Government to manage the financial risks of providing train services rather than running them directly itself. Whether this happens in practice is a significant source of debate within the rail industry.

Prior to formally tendering a specific franchise, the DfT publishes an Expression of Interest (EoI) outlining the basic details, and opens a consultation with relevant transport authorities, devolved administrations and Passenger Focus. Concurrently the OJEU notice if required is published. In order to limit the pool of possible bidders a Pre-Qualification Passport (PQP) system is used. Upon publication of an EoI TOCs often contact directly the relevant transport authorities and devolved administrations to understand their aspirations and requirements for the next franchise period.

At the end of this EoI process, a formal Invitation To Tender (ITT) setting out the detailed terms of the proposed franchise agreement is sent to the three to five prospective bidders who have a PQP. This is includes but is not limited to:

- the minimum number of services that the company must run
- providing safe, clean and reliable journeys for passengers
- giving passengers information about train times and services, including when trains are delayed or cancelled
- a passenger’s charter setting out the level of service that passengers can expect on their rail journey and their rights

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6 ORR 2016
ITT's may include a range of variations for the prospective bidder to consider, and in addition, they may also submit variations themselves. Franchised TOCs bid for franchises on the basis of the amount of funding they would require, or the premium they would be prepared to pay, in order to run the services specified in the franchise. The winner is selected on the basis of a weighted scoring system taking into account factors including the subsidy required or premium offered and initiatives to enhance the quality of service for passengers. The weighting on quality of service of the bid has increased significantly since privatisation first began in the 1996. If relevant, bidders past performance is also considered.

The DfT evaluate the submitted bids against the ITT framework and then make recommendations to the Secretary of State for Transport for sign off. A three month mobilisation period is usually built in to the contract award process to allow for a smooth handover between different TOCs where the franchise holder changes. Performance is then monitored throughout the contract period. Anticipated milestones for the South Western franchise procurement are set out below:

South Western Franchise Replacement Procurement Schedule

<table>
<thead>
<tr>
<th>Description/Key Events</th>
<th>Start Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Western OJEU and Expression of Interest documentation published</td>
<td>November 2015</td>
</tr>
<tr>
<td>Target release of the Invitation to Tender to Bidders</td>
<td>April 2016</td>
</tr>
<tr>
<td>Target submission of Bidder responses to Invitation to Tender</td>
<td>July 2016</td>
</tr>
<tr>
<td>Target Contract Award</td>
<td>February 2017</td>
</tr>
<tr>
<td>Franchise Commencement Date</td>
<td>June 2017</td>
</tr>
</tbody>
</table>

In the event that a franchise is terminated or suitable bids are not submitted, the Secretary of State for Transport (in the case of England and Wales) has a responsibility to be the operator of last resort (section 30 of the Railways Act 1993). This was implemented when the East Coast National Express defaulted on its contract in 2009 and plans were also prepared when it seemed likely that the controversial West Coast Mainline franchising would fail to award a franchisee.

Franchising is well established in the UK having operated in practice since 1997, but has its critics in terms of the bidding process in particular in respect to the weightings used and the benefits to passengers and government alike in terms of risk, performance, and subsidy as well as customer satisfaction. The McNulty Review in particular criticised waste from fragmentation and complexity in the railways. Nonetheless franchised services cover 99% of passenger rail miles.

3.3 Direct Award.

The failure of the West Coast Mainline franchising and the subsequent Brown Review introduced the Direct Award concept; whereby the government can award a franchise that is up for renewal directly to the incumbent rather than through a tendering process, but only if the operator's proposed terms match the governments projected expectations of future performance based on its past record. If a reasonable contract cannot be drawn up through negotiation, the franchise is then re-let as normal.

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7 DfT Stakeholder Consultation: South Western Rail Franchise, 2015
8 Competition and Markets Authority, Competition in Passenger Rail Services in Great Britain, 2016
3.3 EU Railway legislation.

European law specifies that rail franchises may initially be awarded for a term of up to 15 years, but may be extended in certain circumstances for a further 7.5 years. This means that the maximum length of rail franchises cannot exceed 22.5 years. In practice since the Brown Review franchises are now designed with an initial term of seven to ten years with a pre-contracted extension, in the event that agreed criteria are met, for a further three to five years giving a maximum term of up to 15 years.

For clarity European railway legislation (see the Railway Packages) does not dictate that railways must be fully privatised. Similarly there is no requirement under EU legislation for railway infrastructure to be in private ownership. Nor is there any bar on train services being operated by a government owned enterprise.

The First Railway Package sought to de-monopolise European railways with the aim of increasing competitiveness by enabling open access for companies other than those that own the rail infrastructure. The Second Railway Package set out common standards and encouraged open access (particularly in respect to freight) to enable an integrated European railway area. The Third Railway Package focused more on open access for all international passenger services but also cabotage (in-country freight transport by an external operator). There were also enhanced rail passengers’ rights setting out a minimum compensation level for delays. The Fourth Railway Package has been adopted by the European Commission but not yet approved by the European Parliament. It provides primarily standards and authorisation for rolling stock refocusing this activity away from network owners like Network Rail towards the European Railway Agency combined with independent management of infrastructure. It also attempts to further liberalise domestic passenger services but not as radically as initially intended. Once the Fourth Railway Package is implemented EU28 countries will have to choose between an integrated structure with a single holding company for the rail operator and infrastructure manager or a separation of infrastructure managers and operators.

Many EU28 countries operate franchised systems for their rail networks with varying degrees of state involvement and differing degrees of separation between track and train. The mainland UK is perhaps the most extreme version of a privatised system among the EU28. In contrast Finland and France have fully separate infrastructure and railway companies from the state run enterprises, unlike Germany which has separate subsidiaries for different service providers from the state run enterprise and a subsidiary for infrastructure. In the main the common approach of the EU28 is of a state owned infrastructure company, with either semi-privatised or fully privatised service provider(s) arrangement.

3.4 The future of franchising.

At the moment almost all competition is on a for the market basis (i.e. in the form of competitive franchise bids) rather than on-rail (i.e. by running competing services on the same lines). The Competition and Markets Authority (CMA) in its 2015 Competition in Passenger Rail Services in Great Britain report concluded that on rail competition might deliver more benefits than the current system. Similarly the 2016 Shaw Review has also recommend changes to the way franchising operates by moving to let out concessions or time-limited contracts for the private sector to operate individual routes.
4. Railway funding in Britain.

4.1 Funding sources.

Funding for Network Rail and the train and freight operating companies comes from a combination of passenger fares, government subsidy and commercial operations. In 2014-15, the rail industry had income of £13.5 billion. Most of this was from passengers (71%), with governments providing 26% of funding. Other sources of income, such as property, provided 3%.

After adjusting for payments within the industry, the overall cost of running Great Britain’s railways was £13.6 billion, with 54% of these costs incurred on train operations and 46% on rail infrastructure. After adjusting for payments within the industry, the overall cost of running Great Britain’s railways was £13.6 billion, with 54% of these costs incurred on train operations and 46% on rail infrastructure. This is illustrated more clearly in the following infographic.

Money flows in the rail industry

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Passengers</strong></td>
<td><strong>Franchised train operators</strong></td>
</tr>
<tr>
<td>£9.6 billion</td>
<td>£8.7 billion</td>
</tr>
<tr>
<td>Fares £8.8bn</td>
<td>Staff costs £2.8bn</td>
</tr>
<tr>
<td>Other £0.8bn</td>
<td>Rolling stock £1.3bn</td>
</tr>
<tr>
<td>&quot;Other&quot; includes car parking, on-train catering and other train operator income from passenger and non-passenger sources.</td>
<td>Other costs £3.6bn</td>
</tr>
<tr>
<td></td>
<td>Industry expenditure £7.4bn</td>
</tr>
<tr>
<td></td>
<td>Network Rail charges £1.4bn</td>
</tr>
<tr>
<td></td>
<td>Performance income (£0.1bn)</td>
</tr>
<tr>
<td></td>
<td>TOC expenditure £0.7bn</td>
</tr>
<tr>
<td><strong>Government</strong></td>
<td><strong>Network Rail</strong></td>
</tr>
<tr>
<td>£3.5 billion</td>
<td>Operating costs £1.2bn</td>
</tr>
<tr>
<td>Dept for Transport grant £0.8bn</td>
<td>Maintenance costs £1.2bn</td>
</tr>
<tr>
<td>Dept for Transport income £2.0bn</td>
<td>Financing costs (ext) £0.9bn</td>
</tr>
<tr>
<td>Transport Scotland £0.3bn</td>
<td>Financing costs (gov) £2.9bn</td>
</tr>
<tr>
<td>Welsh Government £0.2bn</td>
<td>Amortisation £2.8bn</td>
</tr>
<tr>
<td>TIL, and PTEs £0.7bn</td>
<td>Industry expenditure £6.2bn</td>
</tr>
<tr>
<td>Excludes net effect of finance costs paid by Network Rail and tax paid by Network Rail and train operators.</td>
<td>Net performance £9.1bn</td>
</tr>
<tr>
<td></td>
<td>NR expenditure £6.3bn</td>
</tr>
<tr>
<td><strong>Other sources</strong></td>
<td></td>
</tr>
<tr>
<td>£0.4 billion</td>
<td></td>
</tr>
<tr>
<td>Income from property, stations, retail, freight and other customers.</td>
<td></td>
</tr>
</tbody>
</table>

N.B. Numbers may not sum due to rounding.

Total government funding varied from £1.66 per passenger journey in England to £6.70 per journey in Scotland and £9.14 per journey in Wales. The level of funding provided by government varied from 21% of total industry income in England to 56% in Scotland and 54% in Wales. The rail industry has high fixed costs, so these differences in funding are

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10 ORR, 2016
partly due to the very different average passenger densities, with 129 passengers per train in England, 81 in Scotland and 69 in Wales\textsuperscript{11}.

Passenger revenue has increased in real terms every year since rail privatisation in 1995. In 2014/15 £8.8 billion was collected in ticket sales from franchised train operators\textsuperscript{12}; this is a £0.4 billion (5%) increase on 2013/14 primarily because the number of passenger journeys increased by 4% and partly because of fare increases of 1% in real terms.

4.2 Fares.

There are two sorts of rail fares: regulated and unregulated. The former are set by the Secretary of State for Transport (with a few geographical exemptions) and the latter on a commercial basis by the TOCs.

Fares regulation has been applied through franchise agreements to limit increases in fares for mostly the commuter market around London and certain other cities, where commuters have few practical alternatives to rail. Fares regulation has also been applied outside urban areas, to weekly season, long-distance ‘Saver’, and shorter distance standard return fares. Around 45% of fares are subject to regulation\textsuperscript{13}. The graphic below demonstrates how each £1 of fares income is spent:

Per pound fare income breakdown\textsuperscript{14}.

\begin{figure}
\centering
\includegraphics[width=\textwidth]{fare_income_breakdown.png}
\caption{Per pound fare income breakdown.}
\end{figure}

\textsuperscript{12} ORR statistics on Passenger Revenue by Ticket Type, 2016
\textsuperscript{13} Parliamentary Briefing Number SN01904, 3 March 2016
\textsuperscript{14} Parliamentary Briefing Number SN01904, 3 March 2016
Regulated fares increases are linked to the RPI figure for July of the previous year. The TOCs announce the increases for the coming year every November/December. It is widely acknowledged that Britain has Europe's highest commuter fares for both day returns and season tickets.

In January 2013 fares across all operators were 23% higher than they were in January 1995; the average annual increase was 1.2%. Fares have increased fastest amongst long distance operators, with average annual real terms increases of 2% between January 1995 and January 2013. Over the same period an average annual increase of 0.8% and 0.7% was observed for regional and London & South East operators respectively.

Contribution of fares to passenger income by franchise in 2014.

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15 Parliamentary Briefing Number CBP-74704, 18 January 2016
The key driver of higher fares over the past eight years or so has been a policy decision by consecutive governments to shift the burden of funding the railways from the taxpayer to the passenger. The McNulty Report found that there had been a net increase of £1.7 billion in Government subsidy between 1996/97 and 2009/10. Overall, net Governmental support for the rail industry peaked in 2006/07 at £6.8 billion, 49% of the combined total of Government support and (passenger and freight) revenue. Since then net Government support had fallen, although it was still significant at £4.6 billion, 37% of the combined total in 2011. This has decreased again to £3.5 billion, 26% of funding of the combined total in 2014-15.

4.3 Ticketing.

Ticket purchase seems excessively complex to the travelling public\(^{17}\). The range and number of tickets on offer creates problems for the non-familiar users. Indeed the terms and types of tickets vary between operators with no single industry definition of peak period. Separately there is a lack of clear accountability for the public when things go wrong as to who is responsible: the government, Network Rail, the regulator, train operators, a combination of all or none of these.

The figure below illustrates the relative importance of the main ticket types.

![2014/15 Passenger revenue by ticket type\(^{18}\).](image)

The Railway Byelaws (see Railway Byelaws Penalty Fare regulations) provide the industry with powers to prosecute. This includes ticketless travel and other ticketing fraud, dangerous or irritating behaviour, or damage. TOCs set their own penalty fares scheme subject to approval by the DfT. The National Rail Conditions of Carriage (NRCoC) set out the overarching principles for both the TOC and the user. The NRCoC sets out passenger rights and any restrictions of those rights. TOCs may give more extensive rights but this document sets out the minimum passengers can expect. Any additional benefits are shown in the Passenger’s Charter.

\(^{17}\)Passenger Focus, Fares and Ticketing Study, 2009

\(^{18}\)DfT, South Western Franchise Competition Prospectus, 2015
5. **Historical development of the railways.**

5.1 **Early years: 1830-1921.**

The structure of the rail industry in its early 19th century years evolved from a number of separate small local lines to something approaching a national network by the mid century. Growth of the railways was slow constrained by a lack of finance for capital intensive projects. Towards the end of the 1830s the loosening of anti-bubble legislation in parallel with poor returns from other sources enabled wider uptake in government bonds and securities.

The Railway Mania of the 1840s saw over-optimistic speculation lead to no fewer than 272 separate Acts of Parliament proposing 15,300 km (9,500 miles) of new railway, of which two thirds was eventually built. Because of the lack of oversight and almost totally laissez-faire system of non-regulation in the railways the network was geographically fragmented, confusing and on occasion dangerous for passengers. Eventually regulation was provided by a series of Acts of Parliament and in the late 19th century a Regulatory Commission. Regulation was mainly of prices charged to railway users, the requirement to run certain services at prices affordable by the majority of the population, and safety regulation.

There were a large number of companies, with up to 200 companies at its high point though most were small local companies. There were also a small number of large companies, the biggest four were: London and North Western, Great Western, North Eastern, Midland which accounted for about one third of the railways.

In support of the national interest during the First World War the government took charge of the operation of the railways (though not through ownership or by restructuring). This was seen to be successful and led to pressures for amalgamation of companies and integration of operation.

5.2 **Centralisation: 1922-1947.**

Post First World War there was an increasing pressure from all political parties to simplify the network into a more integrated system and minimise administration transaction costs following the government’s successful management. The 1921 Railway Act (the Grouping Act) merged the 123 railway companies into four regional companies, each being vertically integrated monopolies:

- London, Midland Scotland (LMS);
- London North Eastern Railway (LNER);
- Great Western Railway (GWR);
- Southern.

Railways serving London were intended to form a separate regional group, but this amalgamation was delayed and took place in 1933 with the London Passenger Transport Act.

Despite the desire to draw on the benefits of centralisation in the grouping reforms, the newly formed Ministry of Transport had limited powers; a corporatist arrangement was evident with railway and business interest groups playing significant roles in ministry committees.

5.3 **Nationalisation: 1948-1997.**

British Railways (BR) was set up in 1948 as a public corporation board model, already established in other sectors prior to World War II. BR was divided into six regions: London
Midland, Eastern, North Eastern, Western, Southern and Scottish which partly reflected the pre-existing regional structure. The multi functional region led by a regional general manager was central to operation of BR. The British Transport Commission was also set up, with responsibility for planning, investment, prices, profits and integration of transport, and was in part a response to the desire to minimise ministerial control of the industry. The overall structure was intended to reap economic benefits of scale and eliminate excess profits.

The apparently simple structure should not hide the many exercises in restructuring and reorganisation that took place within British Rail and its regulatory environment. In 1962, for example, the British Transport Commission was abolished and British Railways board strengthened. In 1967 the regions were reduced to five with the merger of North Eastern and Eastern 19.

Substantial reorganisation of BR took place under the Conservative government in the 1980s and early 1990s which in retrospect can be seen as moving towards privatisation. The first major thrust was the introduction of sector management, the underlying rationale of which involved a shift towards business-led management. Five sectors were introduced: InterCity; London and South East; Provincial; Freight; and Parcels each having a director with bottom-line managerial and financial responsibility. The sectors provided the business front, but the regions and regional general managers were not abolished but formed part of a matrix system in which the sectors received, by internal transactions, operational and engineering services from the regions 20.

The next major reform initiative, entitled Organising for Quality (OfQ), built on sector management which was perceived as over complicated and financial responsibility was too centralised and insufficiently focused OfQ represented a shift towards a profit centre approach 21. A three tier organisation was set up: the board level, business units (including Network South East, Regional Railways, InterCity, Trainload Freight and Railfreight Distribution) and profit centres within the business units (eg in the InterCity business, Central, North East, North West, ScotRail, South Wales and West) 22. By April 1992 most of the changes were in place however, OfQ was not given the opportunity to prove itself; just as it became established, the Conservative government, reelected in 1992, developed much more radical plans for Britain’s railways.

5.4 Privatisation: 1997-today.

The privatisation of the railways was initiated by the Conservative government with a white paper in 1992 followed by the Railways Act 1993. The central aspect of structural change to the industry involved the separation of the monopoly infrastructure, managed by Railtrack, from train operation, network maintenance, renewals and design, rolling stock ownership and maintenance, all of which were deemed to be competitive and organised into over 50 different companies.

Once the Railways Act 1993 was implemented in April 1994, the passenger railway was restructured so that domestic passenger train services could be offered to the private sector to run on a franchised basis. BR reorganised its passenger services into 25 different train operating units. These units paid access charges for the use of track and infrastructure, and

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rentals for stations and rolling stock, on the same basis as the franchisees have since the formal introduction of franchising proper in 1996.

The key inter-company relations within the new structure were access to train operating slots provided by Railtrack to the train operating companies; the contracting out of track maintenance and renewals by Railtrack; and the leasing of rolling stock by the rolling stock companies to the train operating companies. The regulatory framework involved an independent regulator, modelled on the other utility industry regulators with guidance, but not direction from the DfT, and a franchising office under the direction of the DfT.

Whilst in opposition up to 1997 the Labour party was highly critical of railway privatisation. Changing tack once in office Labour stressed that fragmentation was the central problem, but reintegration and renationalisation would be too expensive and better coordination and regulation would be a better solution.23

In order to attempt to overcome the problems of fragmentation and facilitate network improvements since 1997 there have been a number of significant reforms to the industry and regulatory structure whilst retaining the separation of infrastructure from train operation.

The establishment of the Strategic Rail Authority (SRA). The SRA, set up by the 2000 Transport Act, has been the most significant institutional reform. It was the response of the new Labour government proposed after a review of railway regulation in 1997. The review concluded that within the rail industry there was a lack of vision, strategic direction, focus and coordination which was provided by British Rail before privatisation but was lacking in the new fragmented structure.24

In 2001, following an application from the government, Railtrack was put into administration and replaced with Network Rail, as a company limited by guarantee, run on commercial lines but without shareholders. Railtrack was put in administration as it was unable to finance its activities without substantial new funds due to the large increase in expenditure on maintenance and renewals after the Hatfield accident in October 2000 and compensation to the TOCs for the network speed and capacity reductions. The political controversy was compounded by Railtrack continuing to pay dividends to shareholders after the Hatfield accident.

On 1 September 2014 the company became an arm’s-length body of the DfT. The company has been under pressure for several years due to engineering overruns and concerns over its governance structure and accountability. In 2014 Network Rail was reclassified as a central government body in the public sector.25 The main effects were that Network Rail’s debt (estimated to reach £50 billion by 2019) was moved onto the Government’s balance sheet and the Government is able to exert more direct control over pay and strategy. The scale of debt accrued by Network Rail was the subject of the Hendy Review in 2015 which refocused CP5 in light of the sustained criticism over cost overruns and project delays. It effectively concluded that all of the CP5 schemes would go ahead, but many of them would be delayed. This would be achieved via a combination of an increase in NR’s borrowing limit, a sale of assets, and a reduction in track renewals.

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25 DfT, ONS decision on the classification of Network Rail, 17 December 2013
5.5 The future.

Most politicians irrespective of their thoughts on whether the public or private sector should be running the railways support greater local accountability, and some sort of reintegration between infrastructure operations and train services.

The Shaw Report, published in March 2016 recommended that Network Rail’s regulation be overhauled, that the company restructure and devolve its operations to better fit the political geography of the country and introduce more private finance into the network. The first part of Shaw’s review proposed a new model of operation for Network Rail, clearly showing the routes closer to their customers with more autonomy.

Proposed new Network Rail structure\textsuperscript{26}.

The second part of Shaw’s recommendation in this area was to redraw the geographical scope of these routes to better map them onto devolved areas. This is shown overleaf.

\textsuperscript{26} Shaw Review, The future shape and financing of Network Rail: The recommendations, 2016
The Shaw report’s main recommendation was for a reordered Network Rail to better fit the political geography of the country and introduce more private finance into the network is to let out concessions or time-limited contracts to the private sector to operate individual routes.

Shaw believes that Wessex and Anglia are currently the strongest candidates for a concession or a time-limited licence because they have no or low levels of public subsidy and little forecast enhancement activity. A second notable area for private investment given by Shaw is the European Train Control System (ETCS), which could be part funded by organisations who either build or install the equipment that will be used, for example signalling manufacturers, and/or the rolling stock companies who own the vehicles. The desire for more stimulus to support private finance was a recognition that privatisation to this point had failed to deliver the innovation and competition originally promised. This would also have the benefit of moving costs (back) off the Government’s balance sheet.
Appendix A

An overview of the rail industry in Great Britain

This diagram is intended to be a general rather than comprehensive overview of the Great Britain rail industry for illustrative purposes only. Therefore, not every single element may be necessarily included.

For further information please visit About ORR. And to find out more about the organisations in the overview, please visit their respective websites.

The overview reflects the industry as of February 2016.
1. Overview.

Many initiatives are already underway by Network Rail, others are unaffordable, or would take a considerable period to implement. There are, however, a number of areas in which the council may be able to make some progress in the short term.

2. Bournemouth.

- Regularise and sign the unofficial pedestrian/cycle access from Beechy Road.
- Add Sheffield cycle stands for cycle parking on the Up (non-Asda) side.
- Install a one-hit toucan crossing across Holdenhurst Road.
- Generally improve the cycle and pedestrian environment around the station in particular at Bournemouth Station Roundabout and on Holdenhurst Road to make pedestrian and cycle access more attractive and less intimidating.
- Investigate re-opening/improving the path across the Asda car park between the travel interchange and St Pauls Road.
- Ensure that if any redevelopment takes place in the vicinity of the station/Asda that additional direct attractive pedestrian/cycle routes are provided to reduce severance.
- Sign the cycle route from Lansdowne/Bournemouth Station to Wessex Fields/Chaseside.

3. Pokesdown.

- Upgrade lift to assist the mobility impaired and those with pushchairs etc.

4. Improvements to Services.

Lobby for improvements to services including

- Reduced journey times.
- Increased frequencies particularly across the conurbation and at times of increased tourism to Bournemouth.
- Better connectivity, e.g. to airports, to Exeter via Dorchester/Yeovil & with extended Swanage Railway.
- Better on-train facilities, e.g. free wifi, charging points, tips up seats for cycles, pushchairs & wheelchairs.
- Ticketing/pricing, e.g. cheaper off-peak walk on fares, cheap advanced tickets to non-London destinations, combined rail/bus local tickets.
- Less disruption from engineering work. Fewer replacement bus services

Many of these improvements have already been put forward as Bournemouth's Council's response to the South West rail franchise renewal (see section X in Appendix X)¹.
