# What is the railway for?

**Response to Williams Rail Review Call for Evidence**
**April 2019**

The Williams Rail Review has spent many months listening to the industry and stakeholders, developing an understanding of the issues on the railways and those affecting passengers. This document is submitted as a response on the Williams Rail Review *Call for evidence: Objectives and assessment criteria* published in March 2019.

It has been clear for many years that passengers should be at the heart of the railway and who the industry is delivering for. But there are broader societal outcomes that the railway is here to deliver.

Campaign for Better Transport has worked with industry consultants, Teneo, on detailed research examining the outcomes for the railway to deliver for its passengers and wider society, and the potential for reshaping the network to better achieve those outcomes.

We identified three categories of outcome: economic, social and environmental, and have looked at where the industry is now. Delivering the outcomes society wants from the rail network means addressing significant challenges, some of which may require trade-offs. There are challenges for consumers, the operations, structures, finances and society. They will conflict and it will require some difficult decisions to address them.

The key findings against rail's performance on social, economic and environmental objectives are set out, below.

*Economic*

Rail has been very successful in growing its share of the lucrative travel to work market, but:

- It is predominately used by higher income groups, with journeys centred on travel-to-work in the South East;
- Only 44 per cent of the population is within easy walking distance of a station and relatively few new developments are within 20 minutes of the rail network;
- Opportunities to serve the leisure sector (currently dominated by car travel) are being missed;
- Although rail use is growing, the industry's response to changing working habits has been slow;
- Poor Wi-Fi connectivity and overcrowding reduce rail users' ability to remain productive while travelling – something that should be an advantage over other modes.

*Social*

Communities that have good rail access are better places to live than those that do not, but:

- The railway disproportionately serves younger, more wealthy commuters with far lower participation from other user segments;
- Rail fares have become more unaffordable since 2008 as fares have risen faster than disposable incomes, pricing other groups out of the market and contributing to 'transport poverty';
- The rail network has been slow to adjust to demographic shifts and changing trip patterns;

- There are major variations in accessibility, service quality, usage and social benefit between regions and operators;
- While growth in passenger numbers has been strong, it has also been very uneven, embedded by a one-size fares policy and investments which focus on the South East.

*Environmental*
Rail is a green form of transport, but its advantages may be disappearing:
- Rail releases materially less carbon emissions per passenger kilometre than cars, taxis and aviation;
- Increased penetration of rail travel has supported a reduction in carbon emissions but the cancellation of electrification schemes has caused a stagnation in environmental advances;
- The adoption of electric vehicles on the roads means rail's relative greenness is being eroded;
- In contrast to carbon, rail performance on air pollutants is less good and when compared to road technology, reducing pollutants has been slow.

The accompanying research report sets out in more details the findings of research undertaken by Campaign for Better Transport to give us a base from which to build our position on the future of the railways.

## **The themes and evidence**

The evidence papers published in March 2019 set out the key themes and evidence the Rail Review will draw on in the subsequent phases of its work.

It is our view that the evidence gathered to support the Williams Review is currently too narrowly drawn and consequently lacks an optimal structure needed to support that work of the Williams Review that would lead to ambitious recommendations for reform to ensure the rail system continues to benefit passengers and support a stronger, fairer economy.

### Structuring the evidence

Of primary importance is setting out how the benefits of the rail network should be considered. Currently, the Evidence Papers set out data and information under 11 themes:

- *Who are the users of the railway?*
- *Why are passengers travelling?*
- *Public understanding and trust*
- *The railway and social inclusion*
- *A safer railway for all*
- *Passenger satisfaction*
- *Freight customer experience*
- *Value for money*
- *Railway performance*
- *Stations and accessibility*
- *Rolling stock*

The large majority of the data interpreted under these headings therefore relates directly to the experience of rail users. While passengers/customers are rightly central to the review, its evidence and future work – something which we support and called for – this perspective in isolation offers only a partial picture of how the effectiveness of the railway should be judged and what future policy and investment should aim to achieve.

We strongly urge that both the evidence and high-level objectives from the Review should be considered in terms of the social, economic, and environmental outcomes the railways could deliver for society, alongside the outcomes for existing passengers. This will be key to underpinning the policy direction for the White Paper. Without this dimension, the review will fail to properly consider the benefit rail brings to passengers, businesses and communities or how these can be maximised over a longer period.

**The passenger perspective**

Campaign for Better Transport commissioned research from YouGov to consider the passenger perspective further alongside our wider research and analysis. The majority of survey and consumer research undertaken has asked passengers' views on operational issues and neglected the passenger perspective on the primary role of the railway in future. We considered three areas in the research: who uses the railways; what are the public's biggest concerns about current performance; and what do they see as rail's primary role in the future.

The findings from the research raise important questions for the Review. We suggest how they can improve the evidence base, below.

*Rail for leisure journeys*
The research shows that the railways are very widely used by the public with 71 per cent of respondents saying they use trains. While commuting dominates journey numbers and passenger kilometres, over half of respondents say they use the railways primarily for leisure journeys - nearly eight times as many as rely on them for commuting.

This finding suggests that the doubling of passenger journeys seen over the last two decades should be interpreted as a broadening of rail's relevance as a transport mode. However, in the media reporting (and industry's response to such) discussion is presented primarily through the prism of growing numbers of commuters, particularly in London and the wider South East, with narratives tending to concentrate on the impact Government fares policy is having on this group.

Rather than focusing solely on the needs of frequent commuters, our findings clearly show that building on rail's relevance to the leisure market is just as important.

*Commuting by rail*
Across the country, 7 per cent of people reported using rail for commuting. This number, however, conceals major differences.

One in five Londoners (20 per cent) say they commute by rail (a number which excludes use of London Underground). This compares with just 1 per cent of employees in North East England, 2 per cent in Yorkshire and the Humber, East Midlands and the South West, 3 per cent in Wales and the North West, and 4 per cent in the West Midlands. While London's size, employment market, density of population and extent of rail network give it an unassailable advantage over other regions, this finding suggests rail's potential in meeting commuter needs has not been reached in most areas of the country.

There is a gender difference in rail commuting. Currently, 9 per cent of men report using rail to commute compared with only 5 per cent of women. In part, this is likely to reflect over-representation of men in roles where rail commuting may be common (for example, financial services). However, the same factors are likely to be in play when considering number of hours worked and propensity to travel by rail. Overall, 14 per cent of full-time workers reported commuting by rail compared with just 5 per cent for part timers. While this may relate to the nature of many part-time roles, it also reflects the railway's long-term failure to offer tickets suitable for part-time and flexible workers. This is an issue which has been exacerbated in recent times by increases in flexible working where employees regularly work from home.

*Social and economic factors*
There is a large socio-economic split in who uses the railways. While only 22 per cent of middle and upper socio-economic groups (ABC1s) say they *never* use rail, 37 per cent of lower social groups (C2DEs) say the same. This is likely to reflect two factors:

- The relevance of rail's traditional offer with a focus on medium and longer distance journeys;
- The perceived and actual costs of travelling by rail and how it acts as a barrier to lower income groups.

Some of the above discrepancy may be addressed through improved presentation and marketing. However, that a publicly funded railway has in part become the preserve of the better off is unacceptable and demands rectifying.

*Generational differences*
Age appears to be an important factor in how people use the railway. While propensity to travel by rail stays reasonably even within age brackets from 18 to 44-year-olds (11-13 per cent), it then drops markedly for older age groups with, for example, only 2 per cent of over-55s commuting by rail. It is notable, however, that propensity to use rail for leisure travel does not change significantly with age. This suggests that older age groups who were well established in the workforce before the rise in passenger numbers seen since the late 1990s have not adopted the habit of rail travel for work but have done so for leisure.

The above trends suggest significant long-term growth in rail commuting can be achieved simply by retaining those who currently travel by rail through their working life and ensuring those who are beginning their careers find rail services which are relevant and affordable to their needs.

*Ticket prices*
There continues to be a significant issue with value for money. Over two thirds (67 per cent) ranked ticket prices as their biggest concern about the railways. This sentiment is held in largest numbers by 18-34-year-olds where 75-76 per cent of people feel ticket prices are the largest problem.

There is good reason, however, to believe that negative feeling about ticket prices can be partially negated. In recent years Scotrail's regulated fares, which are set by the Scottish Government, have risen more slowly than those in England and Wales set at Westminster. It is notable therefore that while concern about fares is reasonably evenly felt across the country, Scotland is a partial exception with concern notably lower at 58 per cent.

*Disruption and overcrowding*
Other notable public concerns regarding the railways are 'disruption, delays and punctuality' (identified as a concern by 49 per cent of respondents) and overcrowding (45 per cent).

Concerns about 'disruption, delays and punctuality' varies a lot by region. Fifty-six per cent of London respondents and 57 per cent in Yorkshire and the Humber regard this as an important issue, down to 37 per cent in the North East and 38 per cent in the West Midlands.

Of other concerns, 'frequency of services' scores highest (23 per cent). This is strongest in London where 29 per cent are concerned about frequency as compared with just 11 per cent in the North East.

*Network extent*
The sparsity of the network in some parts of the country is also a concern in specific regions. Although not regarded as a major issue overall, ability to physically get to a station is a big concern in the East Midlands (23 per cent), South West (22 per cent) and West Midlands (21 per cent). The existence of network deserts also damages the utility of the network overall.

While efforts to expand the network through new lines and stations are likely to be particularly beneficial in poorly served areas, the industry has shown itself to be very slow in responding to demand for a larger network. Despite widespread desire to see new and reopened lines and stations, and the success of network extension projects which have taken place, the process by which such projects are considered is cumbersome, expensive and overly reliant on local authorities.

*Future improvements*
Two of the key elements of the rail industry's attempts to improve passenger satisfaction - ease of buying a ticket and access to on-board Wi-Fi - did not feature as major concerns for passengers.

This suggests two things. First, passengers rightly expect to be sold the correct and best value ticket for their journey every time they travel. That this does not happen currently is unacceptable and is rightly a focus for change in ticketing policy, but resolving the problem is unlikely to result directly in improvement in the industry's standing with passengers.

Second, the promise of notions such as 'Mobility as a Service' where multimodal journeys can be planned in real time and undertaken seamlessly is still some way distant in most people's minds. More pressing concerns continue to be around the affordability and basic quality of rail services.

This is not to say ticketing reform and Wi-Fi should be given lower importance by the industry. Their adoption and expansion is central to rail's place in the modern transport network and its ability to provide an alternative to the private car. This is reflected in London's experience. As the part of the country with the widest adoption of smart ticketing and most integrated transport services, the capital also has easily the lowest level of concern about buying a ticket (6 per cent of passengers, compared with 18 per cent in the North East). This suggests that if handled in a sensitive manner a move to smart ticketing will be regarded as a benefit by passengers.

*Providing an alternative to the car*
Rail as an alternative to the car is easily the most popular purpose envisaged for the network. The 45 per cent of people who regard this as its primary purpose is more than twice as much as for any other category.

There are quite large geographic differences in how important people feel rail's position as a alternative to the car is. This is lower in Scotland (40 per cent), the North East (39 per cent) and London (39 per cent), and highest in the South West (52 per cent) and South East (50 per cent). That 11 per cent more ABC1s believe rail should be an alternative to cars than C2Des (39 per cent) is also an important finding regarding rail's perceived utility.

It is questionable whether planning for the network gives due priority to rail as an alternative to road, nor to the different ways this plays out across the country.

*Getting to work*
Rail for commuting is viewed as the network's most important function by 22 per cent of respondents. This is highest in London (29 per cent) and the North East (28 per cent), and

lowest in the East Midlands and East of England (both 19 per cent). This partially mirrors the weaker extent of the network in some parts of the country.

*Generational and social differences*
With signs that younger generations are delaying learning to drive, or not bothering to do so at all, rail's position as an alternative to private transport is likely to grow in certain markets. That growth, however, is not a given. Rail's importance as an alternative to the car is more strongly felt in older groups with 49 per cent of over 45s holding this opinion compared with 39 per cent of 18-24 years. This may reflect a blurring between concepts of public and private transport among younger people. The growth of Uber and other transport products suggests a generational shift where the link between car use and car ownerships is broken and young people are more flexible in their modal choice.

It is also notable that young people are more likely to identify the environmental benefits of rail than older groups. Reducing carbon emissions was ranked as the third more important role for rail, albeit one only selected by 9 per cent of respondents overall. However, this number is higher among younger groups with 14 per cent of 25 to 34-year olds viewing this as rail's most important function.

### Campaign for Better Transport supporter questionnaire

In addition to the nationally representative consumer research, Campaign for Better Transport also carried out online survey research asking what people want from the railways. This attracted over 2,000 respondents and although the findings are not weighted, they do raise important points:

- *Whose voice do we hear?* Over 90 per cent of respondents were frequent rail users. While meeting the needs of this group is very important, rail's future requires wider consideration. Rail's role and investment needs can only be met and justified by making rail relevant to more people. That involves thinking more strategically about what rail should deliver for the country socially, economically and environmentally.
- *Most important thing the railways do* - Nearly all respondents said 'getting people to work', or 'reducing the environmental impacts of transport' were more important. Rail is inherently 'good' transport for many and industry and Government objectives need to promote this.
- *Biggest current concern* - While ticket prices were the largest concern, more than a third of respondents said the structure of the industry was the largest worry.
- *How should the railways be paid for* - Nearly all respondents felt a combination of taxpayer and farepayer was the correct model.
- *Priorities for the future* - By a wide margin, cheaper fares and a bigger network were the most frequent responses.

## Proposed high-level objectives

The high level objectives identified by the Review are for passengers, taxpayers, and wider society. We do not believe these offer the optimal structure or weighting for considering the future of the railways.

While consideration of the needs of passengers, taxpayers, and wider society are all of clear importance, treating them as the primary objectives of the sector badly underplays the current and potential role of the railways. It fails to capture the full benefits that rail currently brings and does not offer direction in improving future performance. Furthermore, it needs to be recognised that passengers and taxpayers are two subsets of wider society. Giving them equal weighting lacks the clarity of thought necessary for the Review to discharge its function to best effect.

Instead, it is essential that the high level objectives identified by the Review must relate to maximising the benefit to society that railways are able to provide. Doing so in a balanced way requires that this be defined in terms of the social, economic and environmental benefits they bring.

The presently proposed high level objectives do not encompass the full benefits of the railway and would not guide future policy and investments to the best effect.

Based on research carried out for Campaign for Better Transport by consultants Teneo, we would recommend the Rail Review sets out the high-level objectives in the following terms:

Economic: The rail network supports economic growth across Great Britain
- Rail serves travel-to-work requirements for the optimal number of people
- Rail supports housing development, increasing the catchment of cities
- Rail provides access to leisure activities for the optimal number of people
- Rail offers a productive and supportive environment for work and leisure travel

Social: An inclusive and accessible rail network benefits users and transforms communities
- Rail is available and accessible to as broad a section of the population as possible
- Rail has a diversified user base
- The benefits of the rail network are optimally balanced between regions and cater to local requirements

Environmental: The rail network contributes to a cleaner, more environmentally sustainable Britain
- Rail ensures that the transport sector reduces its carbon emissions in line with Government policy
- Rail supports better air quality by minimising Britain's exposure to pollutants

The accompanying research report provides further details on the evidence base for each of these objectives and key outputs needed to deliver the outcomes identified through the research.

**Key issues constraining the success of the railway**

Research carried out for Campaign for Better Transport by consultants Teneo identified five key challenges in delivering the outcomes society wants from the rail network:

*Consumers*
Challenges in using the system from current and potential passengers include:
- Lack of competition on many routes means the traditional markets mechanism for improving service quality and price is not available;
- The fares structure can be unaffordable and overly complex, a major contributor to a perceived low value for money from tickets;
- Failures to integrate transport modes reduces rail's usefulness to many people and reduces use of those living greater than 20 minutes' walking distance from a station;
- Rail has been slow to respond to improvements in technology compared with other industries.

*Operations*
The physical nature of the network and its management present challenges to safe and reliable operations:

- The railway is based on an ageing asset base that is costly to maintain and difficult to replace without major disruption. Attracting investment to such an industry also presents problems;
- Parts of the network are at capacity at peak times, resulting in overcrowding;
- Management of industrial relations gives rise to regular problems;
- The railway should be justly proud of its status as the safest in the world, but this can verge on excessive and inflexible regulation.

*Structures*
The industry structure and culture can make achieving many of the desired outcomes difficult:

- Operators, Network Rail, ORR and DfT are rarely, if ever, united behind shared objectives;
- Franchising agreements are inflexible, making it difficult to respond to opportunities or threats;
- The franchise model is also highly prescriptive and risk averse, often stifling innovation and treating all markets as if they were the same.

*Financial*
Challenges in attracting and securing sufficient finance and funding for rail to reach its potential:

- Rigid fares structures are not always aligned with customer needs and operators are either unwilling or unable to risk adapting them to grow revenue;
- Franchise lengths are too short to justify major investment;
- The Government does not currently accept the case of increased public sector spending on rail to support better infrastructure or rebalance 'taxpayer - farepayer' arrangements.

*Societal*
The rail industry can be poor at intuiting what the country collectively needs from the network:

- Rail does not push its full social, economic and environmental benefits. Consequently, they are not calculated or considered in policy decisions;
- The sector's inward-looking nature means many stakeholders (e.g. local authorities, house builders etc.) are scarcely engaged with except on individual schemes;
- Franchises are structured to maximise revenue from the highest use routes. This leaves smaller population centres excluded and untapped;
- Using off-peak services is relatively affordable, but other factors such as frequencies can be a deterrent from use of many routes;
- Rail has a poor reputation among non-users. Perceptions that it is unreliable, overcrowded and overpriced have become endemic and are a material barrier to expanding regular users.

Addressing these challenges will on occasion require trade-offs. However, it should be recognised that abstract prioritisation is not desirable. Instead, setting meaningful high-level objectives for the railways is essential in providing a structure for judging trade-offs. To inform decision making, the Review must give equal importance to the achievement of social, economic and environment ends.

## Assessment criteria

Campaign for Better Transport believes the assessment criteria as currently set out are too narrowly drawn, focusing mainly on direct operational factors and missing the broader relevance of the railways.

The overall benefits to society that an effective rail network brings are not reflected in assessment criteria. To address this significant shortcoming we would recommend the following alternative content and structure:

1. Network contribution
   - Economic:
     - Meeting city catchment and travel-to-work needs
     - Integration into plans for housing and other development
   - Social
     - Increasing accessibility of the rail network
     - A diversified user base
   - Environmental
     - Objectives relating to carbon reductions
     - Tackling air pollution

2. Rail use and management
   - Performance
   - Value for money
   - Enabling the journeys people want to make
   - Accessible and simple to use
   - Meets the needs of rail freight
   - Safety and security

3. Affordability
   - Affordability to users – balancing taxpayers and fare payers in a way that recognises some ticket prices are unaffordable to some and that wider benefits of investing in rail are not being recognised
   - Productivity and efficiency
   - Commercial sustainability
   - Seizes opportunities
     - Network beneficiaries - Land value uplift from proximity to rail needs to be captured and recycled