Rail and Urban Transport Review

Call for evidence questions

Submission by the Chartered Institute of Logistics and Transport UK

The Chartered Institute of Logistics and Transport UK (CILT) is a non-political institute that provides insight into pivotal decisions and policies. Our responses emanate from the extensive collective knowledge and expertise of industry experts from CILT's members and focus on delivering prosperity for the United Kingdom. We would be very happy for you to engage with us if there are any answers to your questions that you may wish to develop.

For the purposes of this submission, our responses in respect of freight relate to freight transportation by rail unless the answer states otherwise.

Growth opportunity through unlocking planning

1. *What do you view as the current key challenges hindering the delivery of rail and urban transport networks and infrastructure*?

   Retained focus on personal transport. There remains a pro-car policy at national level which has the effect of continuing to allow private cars to operate at minimal cost to the users. Where local or regional authorities propose measures to either require users to pay the true cost of using road assets, reduce pollution or create infrastructure to prioritise public transport there is little assistance from national government to support such initiatives compared to the road construction budget. There is much resistance to congestion charging, air quality initiatives, parking restraints and public vehicle prioritisation, but little information as to why such proposals are beneficial to society and the putting in place of sufficient, reliable public transport systems to encourage an attitudinal and behavioural change by the public.

   Funding predictability and the quantifying of benefits. Unpredictable funding especially for major capital works and to support ongoing revenue streams creates uncertainty over the viability of a project. While there are strong benefits for a phased approach to large transport schemes such as a tram network, project costs include a premium based on (1) late changes to the specification from the promoter, (2) cancellation of subsequent phases when the expected funding is redirected to other projects and (3) fewer initial users due to the knock on effects of other projects e,g, delay to the housing development the new transport scheme was intended to serve.

   In planning a project and undertaking a cost-benefit analysis there should be a stronger quantified consideration of benefits than of costs. The benefits themselves should be derived from the effects of the long-term funding and investments which create long-term assets which will provide benefits for a considerable number of years. Rail infrastructure can have a asset life of well in excess of 50 years but in most cases the current evaluation process places a greater weight on the

near term costs of developing the infrastructure rather than the longer term benefits of the asset, nor where certain benefits fall to non-transport areas of the economy.

Bringing projects to market. Greater emphasis should be made in giving certain strategic transport projects priority for funding and support (including planning priority) – both on a national and regional basis. In addition the number of stages that a project needs to pass through before contracts are let should be strongly reconsidered, with the number of stages limited to those which are strictly necessary for the project. There are currently an excessive number of stages that a project needs to pass through, often requiring expensive studies and reports which have the effect of both delaying the start of the project and adding significant up-front costs before any meaningful funding can be obtained.

There is currently too much emphasis on creating the perfect project before bringing it to market. There is nothing wrong with establishing a pilot project and evaluating the benefits of the project as it is being undertaken. In many cases the majority of the benefits are likely to be delivered in a far shorter timescale which should themselves be seen as an additional benefit of the scheme. Through ongoing analysis of the project and a sharing of that information, improvements can be made to other similar schemes creating greater all-round benefits including a more reliable pipeline of work. Continuous and dynamic development as the pipeline of projects coming to market should also be encouraged to avoid all other similar projects waiting for the completion and full analysis of the pilot project before any other similar project is started.

The lack of a coherent management structure for the rail industry. It is imperative that cost and revenue are brought together and, in the case of rail, managed by rail professionals, at arm's length from Government in the shape of both DfT and Treasury, without delay. We believe that a number of the reforms brough about by rail privatisation in the 1990s are no longer fit for purpose. Changes in passenger usage of public transport brough about by the pandemic in 2020 and 2021 have continued to be followed and management in the transport sector requires the courage to establish a new baseline that the future transport systems and relevant changes need to be built upon. In the rail sector the current structure is deeply dysfunctional and is doing considerable harm to the rail industry, its customers and prospects for growth, which are considerable, for both freight and passenger.

Keith Williams did a very thorough job analysing the rail industry and came up with a sound set of proposals for Great British Railways. There is no perfect solution, but the Williams-Shapps Plan for Rail proposals are by far the best option available and should be implemented without further delay. However the plan lacked clarity in how the objectives should be delivered, other than through the creation of Great British Railways, and this lack of detail has led to obfuscation and delay. In the CILT's policy document "Re-structuring Britain's Railways" we state the need for a sense of urgency and argue that legislation should be brought forward as soon as possible. We believe that there is no need to wait, given clarity as to what the industry's outputs need to be. Improvements can be made quickly, to shape the longer-term structures that will deliver required outcomes efficiently and reliably and fulfil rail's potential.

We are aware that there is a lack of trust from operators and transport authorities in DfT, Network Rail and, by extension, GBRTT. If government wants to see better engagement from the rail industry, it must see it as more than merely its delivery agent. Government and the industry should work to:

- Actively engage with and embrace devolved authorities within the process of reform so they become an integral part of the creation of a re-structured railway across Britain;

- Align short and medium-term outputs across funders, NR, operators and rail authorities and identify “quick wins”;
- Increase areas of common cause, through greater transparency (e.g. sharing of TOC Annual Business Plans); and
- Provide clarity on areas which support private sector investment, particularly for freight developments alongside the railway.

In his original review Keith Williams was clear that GBR should be strongly market orientated and led by managers with experience of serving the customer, not by an infrastructure engineering organisation like Network Rail which inevitably exists at one place removed from the customer. It follows that the most senior positions in GBR (very much including the Regional Managing Directors) should be filled by managers with TOC or FOC experience.

Sufficient numbers of rail-connected freight terminals. The current Government’s recently announced 75% Rail Freight Growth Target is welcome, but modal switch and decarbonisation of freight and logistics is being hindered and delayed by the lack of terminals where freight can be transferred from rail to road for final distribution. This applies both to simple terminals, where bulk commodities such as aggregates can be handled, and to rail-connected warehouses for consumer goods. Many local authority plans support modal switch to rail but, when plans for new terminals to enable this to happen are submitted, the proposals are invariably opposed: a classic ‘not in my backyard’.

Managing urban freight deliveries. At a local level, there is lack of understanding about urban deliveries, especially kerbside. Goods on shelves in shops are delivered by a supply chain, the final stage of which is the van or small truck that delivers goods to those stores. Not all stores, especially small shops, have loading docks at the rear and if they are to continue in business there is no alternative to kerbside delivery. This must be factored into planning for bus lanes, cycleways and pedestrianisation, notwithstanding the other benefits of these schemes.

2. *What spatial planning and associated policy and legislative changes would help unlock the delivery of rail and urban transport projects*?

Planning: Putting sustainable transport at the heart of planning i.e. making locational decisions based on public transport access as a first principle, not something to be fitted in after other decisions have been made. Placing a requirement for planning authorities to allocate and, where necessary, compulsorily purchase land suitable for rail freight terminals and local freight distribution centres, rail stations and their car parks as well as for bus depots and passenger train/tram depots would help to create a transport "backbone" to support the development of transport services.

Much stronger planning policy and implementation guidance from Central Government to local authorities regarding freight and logistics is required. Terminals and warehouses are located to maximise delivery efficiency and keep prices down for consumers. They are as much a part of national infrastructure as roads, railways and utilities and are essential to support supply chain efficiency, resilience and decarbonisation. Decarbonising long distance road haulage is extremely challenging and a prime solution is to trunk by (electric) rail and distribute locally and regionally by electric truck, for which rail connected terminals and warehouses are imperative.

Devolution of powers within a framework of national objectives: Strong co-ordination is needed to achieve national objectives but most rail travel is local for which local decisions are often likely

to produce better outcomes for the users. Getting the balance right is crucial as is fully understanding the potential effects of regional and local devolution. Regional devolution is established and set up across much of the rail network and this should be embraced, but the national core should not be forgotten.

While devolution is desirable and can assist in the development of urban and regional passenger services, particularly light rail systems running through towns and cities, there must also be a coherent national network for freight and inter-urban passenger services which allows the operation of a strategic freight network and strong inter-urban public transport links. A policy mapping out strategic flows around which regional services can be developed would help regional plans to have better interconnectivity with the wider inter-urban operations.

In devolving rail services, thought needs to be given to the area through which a rail service operates to ensure that there can be consistency throughout the relevant journey. This may require the relevant regional transport body to cover an area wider than a specific county. For key transport routes there should be a p*resumption of approval where regional/national benefits can be shown, which can override local objections.*

Funding: Giving local and transport authorities the power to authorise and negotiate funding for schemes of wholly or principally local importance. Greater emphasis should be given to the value of decarbonising transport which should form part of the value for money calculation. Greater access to Green Investment Bank funding for such local schemes should also be considered.

Within the funding sphere consideration should also be given to local fund raising powers for local/regional bodies, with a particular emphasis on a consistent and equitable calculation of how users pay for the assets (whether roads or railway lines) that are used for transport. Mechanisms are required to have non-users but beneficiaries (e.g. through less congested roads) contribute to project costs.

Fares, charges and tariffs are important in providing finance for transport services and schemes but they also strongly influencing decisions of both individuals and companies. However, linkages between these revenue sources and costs, behaviours and policy objectives are obscure or non-existent, often leading to an inefficient allocation of resources. This can clearly be seen in the way the national rail network is run, where there is little or no direct link to local rail service provision. Revenues are the responsibility of Treasury, whilst costs are for DfT, which skews actions of the parties.

Track Access charges need review to ensure growth is properly funded and capacity used efficiently. Growth in demand when placed alongside increased costs, does not necessarily improve overall industry finances, while other factors such as carbon zero should also be brought into play . Fares regulation does not support optimising revenue or aligning with production costs. It has entrenched perceived complexities and precluded changes responding to the market. Where rail is highly competitive with other modes, more commercial freedom for operators to set fares and service levels may drive improved efficiency, while greater national and local control of fares through GBR may make the case for removing formal regulation in favour of political and public sector accountability.

3. *Are there best practice or wider international examples that could be adopted to support growth through unlocking transport network and infrastructure delivery*?

   Classification of Strategic Rail Freight Interchanges as Nationally Significant Infrastructure Projects (NSIPs), authorised by a Development Control Order (DCO), is very helpful, as it sets genuine local concerns in a national context. Extension of this approach to other rail terminals and rail-connected warehousing would streamline the planning process considerably and facilitate delivery of these key facilities, all of which are funded by the private sector at no cost to the taxpayer.

   The importance of terminals and rail-connected warehousing is demonstrated by Tesco's development of a rail trunking network, which they now describe as 'the backbone of our supply chain'. From a rail-connected warehouse at Daventry SRFI (DIRFT), a network of 14 trains a day fans out across England, Wales and Scotland. Some are long distance routes, but the network includes 2 trains a day to/from Tilbury, with deliveries to London, Essex and Kent. It also has a rural connectivity dimension, with a daily train from Central Scotland to Inverness with containers for delivery to stores across the Highlands. Several trains on the network convey chilled and fresh produce in temperature-controlled containers. In total, Tesco now moves around 500 lorry loads a day by rail, 6.5 days a week.

   Local transport taxes such as the French *versement transports* have been effective in developing local transport systems such as tram/ trolley bus and light rail systems. However, politically they generally link the delivery of the transport project with the term of the mayor which proposed the project and the French planning systems are such that a tram scheme is capable of being proposed, developed and delivered within a relatively short timescale. Unfortunately, the British planning process does not currently work on similar timeframes, although we would encourage a review of such processes particularly for projects which help to deliver net-zero or very low carbon local transport solutions.

Any additional comments or issues, including case studies, welcome on the topic.

The current complex mix of regional transport authorities, combined authorities, elected mayors, unitary local authorities and two-tier local authorities provides an uncertain and inconsistent structure of regional and local government, exacerbated by a lack of consistent objectives. Before determining where and why transport investment is required, there needs to be a consistent structure, based on best practice from these different structures. This should then facilitate a clearer template for investment funding by Government, based on the principle of 'decide and provide' rather than 'predict and provide'.

A number of countries in Europe and beyond have introduced some form of road user charging model requiring motorists to purchase vignettes for their vehicles or pay tolls to permit driving on certain types of road. The funds raised are then used to either contribute to the cost of maintenance of the roads or pay for alternative transport modes, such as bus or rail, as an alternative to using the existing road vehicle.

Clarity and certainty of policy and funding

1. *What are the key tenets of a successful, strategic long-term policy for the delivery of rail and urban transport networks, taking into account wider decarbonisation and transport integration goals*?

General policy

A coherent policy that considers urban transport as a vital part of economic, environmental and social planning to address key climate, equality and growth objectives. In conjunction with this evaluate the long-term outputs such as net zero, levelling up and connectivity and focus on how best to obtain the long-term funding required to achieve these outcomes. Focusing on current expectations may solve an immediate problem, but that solution can also block longer term projects or reforms.

Ensuring that once a project or scheme has been fully authorised, policies cannot easily be reversed to delay, materially amend or cancel that project or scheme. A lack of certainty that the public sector will deliver on their side of a project has the effect of increasing project risk for the private sector, who price this risk into their bids, which in turn pushes up the price of projects, potentially making them unaffordable. Effective risk allocation, particularly where there is a lack of information on policies or systems, must also be considered. i

Setting out clear, simple and achievable goals which can be sufficiently well managed by public sector bodies is essential, with a clear set of requirements which can be met by the private sector contractors and suppliers.

The capability of the specifying and delivering organisations need to be of a sufficient level and quality to fully understand what is required as should methods of achieving the relevant goals. Where internal knowledge is lacking within a public sector body, sufficient resources should be deployed (including funding being available for hiring in people with the requisite knowledge) as well as an acknowledgement of the skills gaps. This includes bidding for and securing appropriate funding as well as having knowledge and experience of freight transport, passenger services, integrating transport and last mile movements. Organisations should then be funded to recruit and/or train sufficient relevant staff to ensure that they develop the requisite skills, and enough people are available to deliver all relevant projects.

The overall strategic formation of policy requires a clear understanding of the methods by which its goals could be achieved as part of the analysis and formation of the policy.
The high-level policy should allow for regional variation in achieving the aims of the policy in order to allow each region to produce a solution which will fit well within the existing transport systems and physical constraints of the area. The light rail sector has directions and guidance for tram systems rather than just rigid rules which allow the promoters of these systems to propose a solution which works best within the physical and other constraints of their towns and cities. Deviations from such directions and guidance must be justified and documented, but it permits each system to meet the long-term needs (including connectivity) of its locality.

The wider benefits of delivering the first part of a system more quickly should be weighed up against taking a significantly longer time in trying to specify and procure a perfect system. Chiltern Railways' "Project Evergreen" was undertaken in a number of phases, but each supported the ambition of half-hourly Marylebone-Birmingham services. Constructing a major project in sections would allow other parts of an integrated system to be developed/improved earlier as well e.g. bus

links to serve a new rail system. This can be particularly helpful where funding for those interconnected parts comes from other budgets which have immediate availability, creating greater flexibility for the full funding of requirements of the wider project.

Application of the general policy

There should be a clear, funded plan to deliver strategic Government aims and objectives, notably modal swich and decarbonisation, particularly for rail freight services, in all levels of government. Fundamentally, such policy should be focussed on capacity enhancement at a limited number of key locations on the main rail freight routes, notably the West Coast Main Line (WCML) and Felixstowe to the Midlands and the North (F2MN), and a rolling programme of electrification of the main routes. This should start with a handful of relatively short gaps in the wires ('Infills'), which CILT calculates would allow 2 million train miles a year to switch from diesel to electric haulage, and could be delivered within the life of the next parliament.

Around 60% of the core freight network is already electrified and a rolling programme of around 35 route miles a year for 20 years would see 95% of freight capable of electric haulage by 2050. Work by CILT and engineering Institutes has demonstrated that it is possible to electrify freight lines at c.£0.8m per singe track kilometre (stk) instead of the £2.5m per stk cost of Great Western and the emerging £3.7m per stk of Midland Main Line. Accordingly, the rolling programme would cost around £100m a year, roughly equivalent to one typical road scheme, and the whole 750 miles would cost little more than the A303 Stonehenge bypass.

An additional benefit for this programme is that such strategic electrification would allow many diesel passenger services ((e.g. Birmingham-Cambridge-Stansted and large parts of Cross Country) to convert to electric trains at little or no incremental cost. There are many modern electric trains currently in store which could be brought back into service. This would avoid the build cost, including the carbon cost, of new trains

2. *What reforms to current transport funding approaches would support the safeguarding and expansion of rail and urban transport networks and infrastructure*?

Accurate project costing, with areas for possible cost inflation due to 'unknowns' specifically identified; even if the possible scale of the increase cannot be quantified. Assurances to be given that cost creep due to scheme redesign cannot occur 'by stealth' and any cost increase can be properly managed. However, the relevant authority as specifier should also be able to better understand the effects of any scheme redesign on the overall project costs.

Using an internationally recognised cost of carbon in evaluating infrastructure enhancements. It would also be necessary to properly consider the connected carbon costs e.g. the carbon costs of an integrated bus network established alongside a new metro system compared to the full carbon cost of the competing road system and the cars travelling along it undertaking equivalent journeys.

Ranking and implementing enhancements by Benefit Cost Ratio (BCR). This should include challenge/resistance to entrenched Treasury opposition to rail infrastructure enhancements even when BCRs are very good or excellent, as is usually the case with rail freight proposals: there is little evidence of the Green Book revisions being implemented by Treasury.

Devolution of funding provision to appropriate democratic level (Counties, City Regions, etc) together with the ability of such entities to raise funds locally, limiting the need for Central Government funds. Query whether it would be appropriate to allow devolved bodies to decide the type of tax e.g. Nottingham's Workplace Parking Levy and London's Congestion Charge or to have a single type of tax e.g. local transport tax or a road user charge.

Removal of capital funding responsibility from central government (to regional/local government or private sector) for regional/local projects as this is one of the core reasons why otherwise worthwhile projects do not proceed. Private sector sources (provided a sufficient return on investment is permitted – even if capped / shared with the public sector if over a certain threshold – and with sensible risk acceptance by sponsoring bodies) would also remove such funding from government borrowing assessments, again allowing schemes to proceed.

Does the Green Book allow for sufficient factors to be taken into consideration and what should any additional factors/considerations be regarding infrastructure?

No. There is an inadequate valuation of contributions to the delivery of policy objectives e.g. de-carbonisation, mobility-impaired access, etc. which leads to a disconnect between scheme identification, development and realisation. The Green Book assesses value for money and whether a project is worthwhile. It is useful for prioritisation of projects (but rarely so used other than to demonstrate exceeding a threshold). It does not address affordability, nor is the cost assessed net of private sector contribution.

Current appraisal processes underplay the benefits of passenger transport and overplay benefits for car users. With capital schemes being costly, the amount of benefits needed to generate a worthwhile BCR is excessive. In addition, disbenefits to car users through supporting alternative schemes should not be considered to be a problem, particularly if the reduction in car use has a net-zero benefit.

3. *What mechanisms are available to facilitate effective public/private relationships and funding*?

Urban bus networks promoted through Enhanced Partnerships provide an agreed basis for planning and funding but both are overshadowed by a lack of funding for both the relevant public authority and the local bus operator to invest. Bus franchising has the benefit that Combined Authorities (who are the promoters of the first introduction of bus franchising in England) have the certainty of a route network but still have a general lack of funds to support all proposals.

Clear and irreversible risk apportionment before a project is authorised means that private sector operators have a better idea of their likely funding requirements and are able to price accordingly. Greater certainty brings clarity over funding options available to private sector entities.

Virtually all freight and logistics investment comes from the private sector and there is no shortage of companies willing and keen to invest in green, rail-based logistics, provided there is clarity and reasonable certainty that Government will play its part in terms of infrastructure capacity and electrification, plus a planning system that facilitates the creation of new terminals and rail connected warehousing. Funding for new wagons to cater for growth is readily available.

There is limited use of 'development gain' as a contribution to capital costs/repayments and this should be expanded and encouraged. Clarifications should be provided to make it clear that such

provisions should be applied in most cases and relevant local transport networks enhanced through use of such funding.

Rolling Stock Leasing Companies are suitable sources of private capital and should be encouraged to invest in non-rolling stock assets such as capital schemes, electrification etc. They are experienced in evaluating risk and considering long term costs of projects, particularly given that rolling stock assets have an average life expectancy of 35-40 years and any maintenance plan is generally based on whole life cost for that asset. A mechanism to create 'pay-as-you-go' payments to recoup such capital outlays and/or asset leasing arrangements should be developed by the industry.

The private sector Freight Operating Companies (FOCs) are ready and willing to invest in fleets of new high powered electric locos to replace the current diesel fleet, but cannot do so without the guarantee of an electrified network on which they can operate. The total private sector investment would be of a similar order of magnitude to the public sector investment in electrification infrastructure, making it a true public/private partnership.

Government can encourage and accelerate freight growth, modal switch and decarbonisation by incentivising private sector investment. It could also help to offset some of the commercial risk involved in introducing new multi-customer services, where heavy upfront costs have to be borne in advance of sufficient revenue being generated. Current support is half-hearted and misses many opportunities for accelerated delivery of key policy objectives. Every year applications which far exceed the laid down value-for-money criteria are rejected because the very small budget is heavily over-subscribed. All such support is directly linked to the environmental benefits of modal switch to rail, in reducing congestion and pollution, and are in no sense subsidies for inefficiency.

In addition, the Freight Facilities Grant, which helps to defray some of the very heavy costs of connecting to the rail network, is suspended in England. It remained active in Scotland and has been reactivated in Wales, in both cases to very good effect, with several millions of tonnes a year of freight moving by rail that would otherwise have been on the roads. This includes a new siding for Highland Spring at its main production plant near Gleneagles, which now despatches a train a day with bottled water to supermarket distribution centres in the Midlands, keeping over 100 HGVs off the road each week. Another company (alone) has six locations it would like to connect to the rail network, and transfer several million tonnes p.a. of freight from road to rail, but for which there is no commercial business case without an element of external support.

4. *What role does the maintenance of existing transport assets play in harnessing growth and how could the current approach be improved*?

Maintenance of existing infrastructure should be supported in preference to creating new infrastructure in many situations. Renewals of railway track should be used as the opportunity to make small improvements in e.g. the speed of turnouts. This would require a simple change in accounting convention. Existing infrastructure has its carbon cost already embedded within it, while new infrastructure has an additional carbon cost. Effective maintenance also covers services i.e. keeping services operating despite continuing cost increases to maintain vital and valued connections for users, however the cost benefit is often under-reported.

Supply chain reliability is paramount and it is thus imperative that Network Rail maintains the freight infrastructure in acceptable condition. In many cases this is complementary to passenger

requirements, but it is equally important that critical freight infrastructure is maintained in good condition. This is not always the case and the line serving the major Peak District quarries near Buxton, for example, does not receive anything like the attention and funding its national strategic importance and revenue earning contribution to the rail industry warrants.

Any additional comments or issues, including case studies, welcome on the topic.

There will never be any clarity until there is a recognition that making provision for car users as the priority is not going to solve problems of traffic congestion, poor air quality or equality of opportunity. Public transport services should be given much greater emphasis in policy which means taking bolder steps to reduce the impacts of car traffic, much of which is associated with short local journeys which could transfer to walking, cycling, bus, tram and train.

Devolution and sustainable partnerships

1. *What role does devolution have in supporting and accelerating the delivery of rail and urban transport networks and infrastructure fit for the future*?

Potentially a strong role if appropriate powers are devolved and a step we would support provided powers retain strong requirements to co-ordinate and achieve national objectives. Local transport needs local decision-making to provide the best solutions and the buy-in of communities and businesses. Local and regional bodies also need to have the appropriate fund-raising tools in order to fund such networks. The former PTE structure was very effective in achieving investment in rail projects as they had local foci and money-raising powers. Metro-Mayors are equally ambitious but are constrained by the limits on their ability to raise funds.

Whilst transport is a devolved matter in many areas, this is not universally the case. It can create confusion in the role of the DfT resulting in disconnected policy making delivery in many areas. It also indicates a benefit is likely to be achieved through reviewing, re-positioning, and re-connecting the different transport authorities at national, sub-national and local level.

Whatever degree of devolution is agreed, it must come with a level of certainty to attract finance without a risk premium that the devolution and associated rights will not be reversed. Without such certainty, funders may be less keen to provide funding at rates which create positive BCRs for projects.

As a principle, devolution is welcome and it is almost always the case that a rail service is more effective when decisions are made close to the operation. This is certainly the case with local and regional passenger services, but less so with Inter City passenger and all rail freight activity, which is national in scale and does not follow passenger routes and corridors (unlike road freight which often uses the same corridors as road passenger traffic). It is thus essential that a national overlay is provided to ensure that a coherent national network is maintained and optimised for the benefit of UK plc overall.

2. *How can effective relationships be facilitated between all tiers of government, to help accelerate growth and deliver rail and urban transport networks and infrastructure*?

   National governments need to avoid micro-managing urban networks and to focus on wider policy direction and objectives along with the funding decision framework to ensure that those policies will be enacted. Policy at all levels promotes sustainable transport but does little to help local decision-making regarding initiatives that support better public transport networks rather than more car-dependency.

   There should be a clear definition and agreement of strategic objectives and responsibilities to deliver these, to the benefit of regions and nations and UK plc overall. This should be made by central Government, but subject to input from the regions and nations. By reducing the role of central Government through devolution of responsibilities and money-raising/spending powers, the need for effective relationships between these bodies is dramatically reduced. One effect will be to remove the tensions between a national government led by one political party and a regional assembly or local government led by a different political party.

   Once agreed and publicised, relationship and agreements must not be capable of rescinding by politicians without following a pre-agreed methodology – to be determined either in principle for all schemes or on a case by case basis.

3. *How can the capacity of public bodies be enhanced to effectively partner, procure and deliver urban transport and rail networks and infrastructure and provide value for money*?

   More specialists are needed with appropriate training, not helped by successive rounds of spending cuts which have left many without adequate resource. External help from consultants is available but does not substitute fully for embedded staff with suitable experience.

   Public bodies need to understand their responsibilities, where the boundaries of these lie and that the goal-posts cannot be moved by unilateral/external decision, without their knowledge and involvement. Aligning objectives, clarifying roles and streamlining procedures should enable greater collaboration in the delivery of each transport body's responsibility. Appropriate funding needs to be tied in to support these responsibilities and the system needs to encourage local and devolved authorities to become experts in delivering transport schemes and programmes rather than simply skilled in constantly bidding for funding they then can't or don't use effectively.

   Where internal knowledge is lacking within a public sector body, sufficient resources should be deployed (including funding being available for hiring in people with the requisite knowledge) as well as an acknowledgement of the skills gaps. This includes bidding for and securing appropriate funding as well as having knowledge and experience of freight transport, passenger services, integrating transport and last mile movements. Organisations should then be funded to recruit and/or train sufficient relevant staff to ensure that they develop the requisite skills and enough people are available to deliver all relevant projects.

   Treasury needs to agree and maintain devolved budgets to GBR and devolved administration for the delivery of agreed objectives. Without appropriate funding being provided, the capacity of public bodies to fully support transport projects will be limited.

Any additional comments or issues, including case studies, welcome on the topic.

Private Sector and Industry Capacity

1. *How can effective private sector investment be best leveraged in the long term to unlock growth*?

   There is plenty of appetite for investing in long term assets such as transport infrastructure. Previous attempts to involve the private sector in railway infrastructure failed principally because they were reluctant to take on open-ended possession overrun compensation payments. With most such revenue compensation now being 'owned' by the government this need no longer be the case and sensible overrun avoidance incentives can be introduced

   Demonstrating the good returns on investment that can be derived from public transport improvements (supported by revised appraisal processes that accord with policy). It is not beyond the ability of the industry to create asset repayment structures either through simple debt repayment arrangements or more suitably through pay-for-use/pay for maintenance (with performance incentivisation) arrangements. The latter would enable the 'lease' repayments to be paid as part of the operating costs of the train operators and any additional subsidy would not appear as government borrowing. This would allow the government to remove its affordability constraint.

   Some constraining mechanism may be required to avoid a repeat of the 'Network Rail Credit Card' overspending. In other cases, the desire for bespoke solutions should be challenged and a standardisation of product/project specifications introduced and complied with where possible.

   As indicated in our answer to Policy and Funding Qu.3 above, virtually all freight and logistics investment comes from the private sector and there is no shortage of companies willing and keen to invest in green, rail-based logistics, provided there is clarity and reasonable certainty that Government will play its part in terms of infrastructure capacity and electrification, plus a planning system that facilitates the creation of new terminals and rail connected warehousing. Funding for new wagons to cater for growth is readily available.

   The private sector Freight Operating Companies (FOCs) are ready and willing to invest in fleets of new high powered electric locos to replace the current diesel fleet, but cannot do so without the guarantee of an electrified network on which they can operate. The total private sector investment would be of a similar order of magnitude to the public sector investment in electrification infrastructure, making it a true public/private partnership.

2. *What can be done to build resilient and efficient supply chains and necessary skills to accelerate infrastructure delivery and maximise value/job creation to local communities*?

   The bus sector has shown that decarbonisation is achievable and can lead local initiatives for other vehicles e.g. by establishing hydrogen hubs or electric vehicle expertise.

   Rail has its National Skills Academy which is able to help initially train and upskill staff within the rail industry. However, once stilled staff are produced, there needs to be sufficient projects for them to work on, otherwise they will simply take their skills and use them overseas. Offering a guaranteed long term order books would help with a pipeline of work. However, care would be

needed to ensure that any long-term contracting or supply arrangements do not go against a multi-supplier competitive market. For example, a commitment to deliver a rolling programme of electrification would facilitate the development of skills and techniques by wider private sector supply chains, whilst promoting a competitive environment to reduce costs and promote innovation.

Certainty and clarity of investment in infrastructure enhancement, in return for which the rail industry supply chain must bring down costs to the level of international best practice from the current unsustainable and unfundable levels.

3. *How to best harness the benefits and be adaptable to future technological trends in the sector*?

Technology has a strong role to play but in many instances policy has focussed on personal mobility rather than mass transit for which the benefits would be much greater. Applications include traffic management, traction, service information and ticketing, all of which help to generate efficiencies and a culture of public transport use.

Future technological trends should be closely monitored but not relied upon to deliver strategic objectives. In contrast to other modes, rail has a mature, proven route to decarbonisation and attention should focus on efficient delivery of electrification, to drive down costs rather than pinning hopes on battery and hydrogen, which cannot conceivably deliver sufficient power for freight and high-speed passenger services. Battery trains certainly have a role on secondary passenger routes and branch lines, also for last 10/15-mile operation for freight, but we should not delay investing in obvious 'no regrets' electrification, especially for freight.

Unless there is a strategic objective for introducing a particular technology, the market should be allowed to decide. Care should be taken over government intervention as they tend to focus on minority 'themes of the month' (e.g. hydrogen power) as an excuse not to proceed with majority technology (e.g. 25kV electrification of the majority of the rail network). If there is a better technological solution a competitor will offer it. Competitive tensions often produce higher quality innovation as well as a focus on how the exploit that innovation.

Any additional comments or issues, including case studies, welcome on the topic.

Options for a greater degree of standardisation between projects (technology, rolling stock specifications, etc) should be identified where these will improve interoperability and cost-effectiveness. In doing so, there will need to be sufficient safeguards to manage the intellectual property involved – both from the developer's perspective and from those who are licensing the product.

One example of private sector / public sector funding of new transport infrastructure is the recently proposed project by the Government for new Garden Towns. Otterpool Park Garden Town near Folkestone, is being developed with private -public sector funding, with a venture partner being sought to provide capital funding which will complement the now reduced funding available from the local authority. Through engaging a venture partner bringing private capital to the project (with sufficient incentive for the investment) a much wider benefit can be delivered to the area by way of housing, jobs, schools, etc.

Submitted by:

Daniel Parker-Klein
Director of Policy and Communications

The Chartered Institute of Logistics and Transport
Daniel.parker-klein@ciltuk.org.uk
07894 620655

January 2024