



Tyne and Wear Integrated Transport Authority

Meeting to be held on Thursday 27 September 2012 at 10.00 am in a Committee Room, Civic Centre, Newcastle upon Tyne

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This agenda is available at www.twita.gov.uk

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REPORT FOR INFORMATION

DATE: 27 September 2012

SUBJECT: RESPONSE TO CLG CONSULTATION PAPER ON BUSINESS RATE
RETENTION: IMPLICATIONS FOR CONCESSIONARY TRAVEL FUNDING

REPORT OF: THE TREASURER AND DEPUTY CLERK OF THE ITA

PURPOSE OF REPORT

To provide members with an update on the latest proposals to change the national funding arrangements for concessionary travel from 2013/14 onwards. The paper asks members to note the ITA's intended response to questions 1, 3 and 4 of the 83 questions posed in the very detailed consultation paper on the new arrangements about Business Rate Retention, which had to be submitted by 24 September and to agree an approach to Ministers to seek to redress this key issue. A copy of the response that is submitted will be circulated to members in advance of the meeting and included on the ITA website.

RECOMMENDATIONS

The ITA is recommended to note the content of the consultation paper and the draft response that has been submitted and to agree that the Chairman write to the Minister to seek a meeting to discuss the critical issue of the impact of the proposals in the Consultation paper on future funding of Concessionary Travel in Tyne and Wear. And agree that the ITA work with PTEG and the LGA to influence the Government to seek to restore funding for the concessionary travel funding so that the Statutory free travel scheme is fully funded and to seek a fairer distribution of the funding to councils based on more accurate data on actual costs and concessionary travel boardings.

BACKGROUND DOCUMENTS

Information set out on the CLG website –

<http://www.communities.gov.uk/publications/localgovernment/businessratestechnical>

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1	Executive Summary
1.1	The purpose of this report is to provide members with an update on the latest proposals to change the national funding arrangements for concessionary travel from 2013/14 onwards. The paper asks to note the ITA's intended response to questions 1, 3 and 4 of the 83 questions posed in the very detailed consultation paper on the new arrangements about Business Rate Retention, which had to be submitted by 24 September and to agree an approach to Ministers to seek to redress this key issue. A copy of the response that is submitted will be circulated to members in advance of the meeting and included on the ITA's website.
1.2	An extract from the CLG consultation paper setting out the proposals is set out at Appendix A. A summary of the potential financial implications of the proposals is contained in the main body of the report.
1.3	It is important to note that although the exemplifications of the impact of the proposed formula change show a negligible change in funding for Tyne and Wear Councils (£25,000 overall), this means that our longstanding concerns about the underfunding of Concessionary Travel costs in Tyne and Wear, estimated to be approximately £15million this year, will not be addressed over the coming seven years or more. The paper also reveals a further potential cut in the national total funding for concessionary travel by 2014/15, which on top of the 19% cut already made in the current year, would give a combined cut of 27% in the control total of 2010/11.
1.4	The ITA's response is to ask Government not to make a further cut in the control total of funding for concessionary travel and restore the 19% cut in 2012/13 to enable Councils to meet the costs of the national free statutory scheme, which are estimated to increase rather than fall in 2012/13.
1.5	We also continue to ask that the funding that has been made available is allocated to more effectively meet the pattern of statutory concessionary travel costs that councils are actually facing rather than use the existing or revised formula that is proposed, which results in some councils being significantly over funded and councils like the Districts in Tyne and Wear being significantly underfunded.
1.6	Concessionary Travel costs the ITA around £43million in the current year, of which around £38m related to concessionary fares for older people on buses. It is estimated that the existing funding formula provides the Tyne and Wear District Councils with grant support of around £23million in 2012/13, with that funding set to fall by 10% in 2014/15 to approximately £22million, which is an unsustainable gap between the cost of the scheme and grant. With further potential cuts from 2015/16 also likely, this will make the delivery of the full statutory fare scheme unsustainable.



	<p>A draft response will be circulated to District Councils and ITA members prior to being submitted to DCLG.</p>
1.7	<p>A draft response will be circulated to District Councils and ITA members prior to being submitted to DCLG on 24 September and the final submission will also be circulated at the meeting.</p>
2	Introduction and Background
2.1	<p>In July CLG published a technical consultation paper on Business Rates Local Government Finance Formula Grant Distribution. Chapter 12 of the consultation paper included proposals to change the way concessionary fare funding was distributed to councils. The date for responding to the consultation paper is 24 September 2012.</p>
2.2	<p>Since the introduction of Statutory Concessionary Travel scheme was announced in 2005 there has been a problem with the way the funding that was made available was shared between councils. Despite significant extra funding being provided by DfT, and years of work on alternative formula, a satisfactory formula has not been found that adequately reflects the take up of concessionary travel by the public and the costs of the statutory scheme in a number of authorities and in several urban areas in particular, where car ownership is below average and use of public transport is above average.</p>
2.3	<p>From the outset it was clear that several areas with high levels of public transport usage and low car ownership would not have their costs met by the formula distribution despite there being more than enough new money made available at that time. The problems are set out in a series of reports by the ITA to Government Departments and in letters and discussions with ministers.</p>
2.4	<p>Such is the continuing concern by local councils about the distribution of funding that the Secretary of State agreed that this was one of a few issues where the approach would be considered again before the baseline funding arrangements were fixed under the new funding proposals from 2013/14 onwards.</p>
2.5	<p>ITA officers actively submitted evidence to the baseline group, which looked at this issue and proposed that funding be allocated in line with the information on the pattern of actual costs and boardings around the country. Due to continuing concerns over data availability which DfT and DCLG have failed to address over recent years</p>

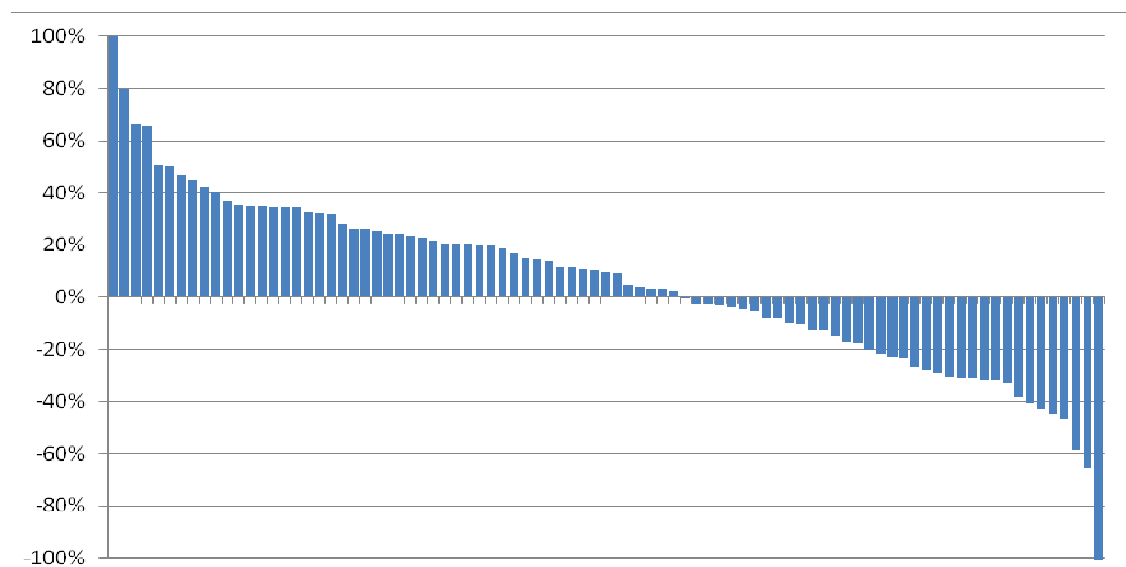


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they are continuing to recommend the use of a statistical model that attempts to predict the level of cost and boardings. Although the revised model does produce some changes for other parts of the country it does not provide any significant additional funding for Tyne and Wear.

- 2.6 The Department's conclusion that there is a good statistical fit between their model and boarding in overall terms, the attached chart highlights that there are still significant variations at an individual council level, with many councils getting more funding and many getting less.

Chart 1: Percentage Variation between Distribution of Costs and the Funding RNF.



- 2.7 The highest level of variation between RNF and spend has been constrained to 100% for presentational purposes, whereas the actual highest figure is +402% and the lowest level of spend v RNF of -141%. The Tyne and Wear figure shows a – 31% difference, with 12 councils suffering higher levels of underfunding.

- 2.8 To compound the problem of the mismatch of funding and costs there is a 18.7% cut in funding in 2012/13 (which can be seen from the cut in the needs assessment formula in Table 1 below). This was based on an assumption in the last spending review that there would be efficiency savings arising from the transfer of responsibility for concessionary travel from district councils to county councils and the phased age related eligibility for free travel would also have an impact of reducing costs. It is clear from councils' budget returns for 2012/13 which show a continuing national increase in costs for concessionary travel that the estimated savings have not materialised.



Table 2: Concessionary Fare RNF national needs assessment factor (change from 2011/12 to 2012/13 for England and Tyne and Wear)

Local Authority	2011-12	2012-13	Change in RNF (needs factor)	
	Concessionary Travel RNF	Concessionary Travel RNF		%
England	0.01282939498307	0.01043291958633	-0.00239647539674	-18.68%
TYNE & WEAR				
Gateshead	0.00007127574136	0.00005769507433	-0.00001358066703	-19.05%
Newcastle	0.00010717827938	0.00008713998018	-0.00002003829919	-18.70%
North Tyneside	0.00006758592514	0.00005493898997	-0.00001264693517	-18.71%
South Tyneside	0.00005832316324	0.00004723627374	-0.00001108688950	-19.01%
Sunderland	0.00010450593285	0.00008445638057	-0.00002004955227	-19.19%
TYNE AND WEAR TOTAL	0.00040886904196	0.00033146669880	-0.00007740234316	-18.93%

2.9 The latest consultation paper reveals that the formula grant needs assessment for Concessionary Travel is planned to be cut again in 2014/15 to 0.0093158078568 from 0.10143291958633, which is a further cut of 10.7% on the 2012/13 figure and an overall cut of 27% when compared to the needs assessment for 2011/12. This large funding cut means that there is a considerable and widening gap between the costs of the statutory concessionary fare scheme and the funding that councils are provided with to be able to pay for the scheme.

2.10 The detailed exemplifications in the consultation paper show that there is only a marginal impact on Tyne and Wear grant before damping and no significant impact on cash grant receivable as a result of the change in the approach to distributing the funding.

Table 2 : Impact of Methodology Change for Tyne and Wear

	Before Damping £m	After Damping £m
Gateshead	0.022	0.002
Newcastle	-0.011	0.000
North Tyneside	0.378	0.040
South Tyneside	-0.054	-0.016
Sunderland	0.055	0.000
	0.389	0.025

2.11 The lack of transparency in the complex grant system means that it is not possible to identify the amount of cash grant that Tyne and Wear Districts actually receive for concessionary fares. My estimate which is based on the RNF factors for Tyne and Wear indicates a funding level of approximately £28million in 2011/12, falling to



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	around £23million in 2012/13. This figure would fall be a further 10% in 2014/15.
2. 12	In contrast the total cost to the Council of Concessionary Travel for elderly people is £43m in 2011/12, of which around £37.8m relates to statutory concessionary fares on Buses. The balance is mainly concessionary fares on our light rail system and there is a strong case for this also to be taken into account, because if we do not offer the concession on our light rail system it is highly likely that pensioners will simply switch the majority of their travel to local busses instead. We estimate that the cost will rise slightly in 2012/13 to £37.9m – not a fall as the cut in RNF assumes/implies.
2. 13	The gap between the value of the RNF allocation of say £23million and the minimum estimated cost of £37.8million is almost £15million, which is extremely large in cash terms. In effect the figures appear to show that only 60% of the estimated 2012/13 concessionary fare costs is funded by grant. This does not come across at all from the way the consultation paper is presented.
2. 14	The potential for further cuts in grant funding for concessionary travel in 2014/15 is also a major concern, which raises serious questions about the sustainability of the current national Concessionary Travel Scheme.
3	Draft Response
3.1	Question 1 in the consultation paper asks about the adjustments to the control total and it is proposed that we express concern both at the cut in 2012/13 and the proposed cut in 2014/15 and ask for the control total to be restored to the 2011/12 level so that the total funding available for concessionary fares is sustainable.
3.2	In response to Question 3 and 4 : the intention is to reply that we ndo not agree with either the current formula or the approach for updating the formula and would wish for DfT and DCLG to immediately seek to collect the data on actual costs and boardings for 2011/12 that could be used as a basis for allocating the funding from 2013/14 and 2014/15 onwards.



INTERCITY EAST COAST FRANCHISE CONSULTATION

Response from the Association of North East Councils

Introduction

The Association of North East Council (ANEC) is the political voice for local government in the North East. It encompasses the 12 local authorities in the North East, including Northumberland, Tyne and Wear, Durham and the Tees Valley.

ANEC welcomes the opportunity to respond to the Department for Transport's consultation *InterCity East Coast Franchise*. In particular, that the next franchise period, from the end of 2013 for up to 12 years, aims to provide sufficient scope for the successful operator to invest in improvements, including better service quality, station upgrades, roll out of smart-ticketing technology, good levels of punctuality and improvements to customers and overall passenger experience. We acknowledge that the franchisee will be responsible for overseeing the introduction of the new InterCity Express rolling stock, which will be built at Newton Aycliffe in Durham. Given current levels of patronage and future forecast demand, we would like to see the introduction of these trains as early as possible in the new franchise period.

The InterCity East Coast Franchise is of strategic economic importance to the North East, sustaining connections between the North East, London, Scotland and a range of business and leisure destinations served directly by the line or through connections on to other services.

High quality, reliable and punctual East Coast main line services are recognised as being vital to our connectivity and for the future competitiveness and prosperity of the North East and have been consistently highlighted in all consultation and engagement events undertaken with local authority stakeholders and the business community.

We have consistently advocated for early improvements to the East Coast Main Line, as highlighted in the strategic priorities outlined in the Association of North East Councils' current Corporate Plan, our response to consultations on High Speed Rail.

Transport infrastructure and connectivity

The East Coast Main Line (ECML) is critically important to the economic development and competitiveness of the North East of England, providing vital connections throughout the North East, to areas served by the current East Coast (London to Edinburgh and onwards), Cross Country (broadly between Plymouth and Edinburgh or Reading and Newcastle), and Transpennine Express trains (including to Manchester Airport). Regular and reliable services linking the North East with Scotland and London and to other cities and metropolitan areas served by the ECML are recognised locally and nationally as vital to the North East's prosperity and growth.

The ECML also **serves an important function in providing transport connections to the wider rail network and on to rural and more peripheral communities**. In addition to facilitating economic growth, a frequent and reliable rail service fulfils a societal role in enabling those without other means of transport to access a range of services and amenities – in many cases linking areas of need with areas of opportunity.

The ECML broadly follows the route of the A1, a key-north south link between London and Edinburgh. Congestion problems on areas of the A1 in the North East have long been recognised. The Highways Agency and DfT have awarded one of three pilot 'route-based strategies' to plan for infrastructure improvements in this area. The need for, and impact of, these potential longer term infrastructure improvements reflect the potential for patronage growth on the ECML in more localised access to employment other opportunities (such as business growth and tourism) and freight, in addition to its strategic role connecting the North East with the wider country.

Aviation is also an important element in the North East's transport system and provides the international connectivity we need to succeed in the global economy and access to the London airports is important. In this context, **we regard air services and ECML rail services as complementary rather than competitive**. ANEC will be making a response to the consultation on the Aviation Policy Framework, in which we will emphasise the importance and need for DfT to adopt an integrated approach to transport policy in the UK.

We would also ask for **a strategic approach to be taken in relation to any future decisions on High Speed 2 (HS2)**. The timescales for High Speed Rail to be extended to link the North East of England and the current lack of any legislative guarantee for HS2 to be extended beyond Leeds mean that this area of the country is reliant upon incremental improvements to the classic rail route (ECML) rail for securing higher speeds, improved end to end journey time reliability, and increased capacity, which we will be pressing for the ICEC franchise to deliver. The Eastern Network Partnership, a collective of local authorities, ITAs and Chambers of Commerce from the East Midlands, Yorkshire and the North East, have jointly commissioned work that outlines the economic impacts of bringing High Speed Rail to the east coast. It also acts to underline the importance of investing in the classic rail network to ensure the benefits of HS2 to the Western network do not disproportionately affect the Eastern Network's ability to stimulate economic growth.

Investment in the ECML is a key economic driver, not just in relation to passenger rail services, but with an important role to play in supporting the development of freight to and from the region, including links with major ports in the North East. As the only area of the country with a positive balance of trade and strong performance in exports this is an important economic priority for the North East. A reliable ECML with sufficient capacity is vital for our ports to realise their full potential.

Franchise objectives

Q1 Do consultees agree that the proposed franchise objectives are an appropriate expression of the priorities that should apply to the new ICEC franchise?

Given the context of the ECML's critical role in the economic growth and competitiveness of the North East, we are of the view that that the objectives of the franchise should strongly reflect the aspirations of public and private sector stakeholders aimed at bringing about improvements that support economic activity and better connectivity. Punctuality and reliability; performance and higher levels of passenger satisfaction; higher speeds and shorter end to end journey times; increased capacity and guarantee of a seat, value for money and ticket price and station improvements should all be key priorities in the proposed franchise objectives. It would also be beneficial to have more station car parking in some locations depending on local circumstances but local transport authorities should play a key role in deciding where this is necessary..

We have some concerns that in the proposed franchise objectives there appears to be an over emphasis on financial outputs. The long term viability of the franchise in terms of delivering on financial promises should be a key objective but this needs to be balanced with passenger satisfaction levels and customer service which are also very important. The integration of intercity and local rail services and the affordability of rail travel, particularly in light of recently announced rail price increases and the comparatively high cost of rail travel compared with other European countries should be more strongly reflected in the franchise objectives as should the potential to take advantage of ECML investment to enhance local operations. A significant part of overall investment is the ongoing improvements to our main stations including Newcastle Central and Darlington forming an important part of passenger experience. We would therefore welcome clearer references to station improvements that go beyond those that are currently specified in terms of information, accessibility and security. In addition, we consider that the commitment the government is making through City Deals to help enable economic growth and prosperity should be considered. The potential benefits from complementing proposed economic stimulus by, for example, accelerated development zones in the vicinity of stations on the ECML offers a significant opportunity for franchisees. Similarly the impact of franchisees providing access to these economic opportunities offers value for the wider economy.

Franchise Length

Q2 Are there any other issues that consultees believe the Department should take into account in determining the length of the new ICEC franchise?

A long-term franchise would be beneficial where commitments to investing in services and infrastructure are built into the contract. Longer term franchise agreements can provide the certainty needed for business planning and a phased programme of investment although break points are essential to manage sustained performance. However we do recognise that an independent review by KPMG for DfT stated that, *"We conclude therefore that whilst there might with very simplistic assumptions, e.g. about cost recovery during a franchise, be some theoretical basis to consider that longer franchises could provide stronger performance incentives, amongst the TOCs we have studied there is no strong evidence for or against a direct link between contract length and the outcomes delivered"* (Department for Transport, Rail Franchising Policy: Analysis of Historic Data, January 2010, p7).

Therefore, of more importance is the need for the franchise to relate to the plans for the development of a High Speed Rail Network in order to achieve alignment and complementarity. However, based on current HS2 timescales, even a 12 year InterCity East Coast franchise may not be long enough (or provide scope for a subsequent franchise) to align with high speed rail implementation. It is important that such alignment is given careful consideration if we are to maximise the benefit of the released additional capacity on the ECML and to ensure that it forms part of a coherent strategy for improving passenger options and journey times.

Franchise Scope

Q3 What are consultees' views on the principle of the new ICEC franchise becoming a multi-purpose train operator along the route of the East Coast Main Line rather than focusing only on the InterCity services provided by the current operator?

The effective connectivity delivered by the ECML franchisee and effective integration with the wider network are a critical part of the master planning that underpins economic recovery and performance in the North East.

The North East has clear aspirations to develop and broaden its regional rail network, by enhancing existing services, improving existing stations, building new stations and reintroducing new passenger services on disused and freight only railways. These improvements are specifically aimed at improving accessibility, contributing to economic growth and tackling carbon emissions.

The achievement of the region's development aspirations for the rail network needs to be paramount in deciding the issue of the new ICEC franchise becoming a multi-purpose operator along the route, and needs to dovetail with rail devolution. Local authorities are important stakeholders in this context and an ongoing open and transparent dialogue is required between Network Rail, the franchisee and the North East's democratically elected Leaders and Elected Mayors who are accountable to the electorate. ANEC submitted a response to the recent consultation on Rail Decentralisation at the end of June 2012.

The focus for the ICEC franchise should continue to be developing the long distance market on the ECML with improvements to rolling stock, improved end to end journey times, higher speeds and improved capacity – though the aforementioned effective integration with other services must be considered, particularly in delivering improvements for passengers (through smart ticketing initiatives etc).

Q4 Do consultees have any comments on which services might be considered for inclusion in the new ICEC franchise and how they might be specified?

It is important that the strategic focus of the ECML franchise remains on end to end, fast, high quality services. The ability for the franchisee to influence and inform National Rail's future overhauls of national timetables, based on their service requirements and potential areas for growth, is important. But incorporating local routes runs the risk of diluting this and as such the North East does not support the inclusion of the North East's feeder services within the specification of the franchise. Integration between ICEC services and feeder services should be improved, but this can be achieved in the context of separate franchises rather than a single long distance/short distance arrangement.

ANEC set out the North East's aspirations for local rail services in relation to decentralisation in its recent response to DfT's Rail Decentralisation consultation and there is the concern that including local services in the ECML franchise of 12-15 years could limit these aspirations in relation to decentralisation. A shorter timeframe for franchising the ECML, that would enable a subsequent franchise in-line with the delivery and opening of HS2 may enable local services to be considered for this subsequent franchise.

Major Schemes, Stakeholder Aspirations and Other Initiatives

Q5 Are consultees aware of any other rail or non-rail major development schemes that are likely to have a significant impact on the new ICEC franchise?

High Speed 2

It is essential that any future high speed rail network is developed in such a way as to maximise opportunities across the UK from the beginning to ensure that the whole country benefits. As previously highlighted, the lengthy timescales involved in implementing high speed rail and the lack of any current legislative guarantee that HS2 will extend beyond Leeds to the North East means that conventional rail improvements on the ECML has a particularly critical role to play in the economic growth and prosperity of the area.

The economic benefits of High Speed Rail will be maximised if it is planned and delivered in the right way and integrated with a strategy for improving rail services on existing lines. Improvements are needed to existing rail routes in the short to medium term to deliver benefits in advance of completion of the full national High Speed Rail network. Capacity released on existing rail routes by High Speed Rail should be used to retain existing long distance inter-urban rail services to the eastern network, not for additional London commuter services. There should be more regular services to London from places on the eastern network that do not have them currently.

North East authorities are of the firm view that investment in high speed should not be at the expense of the conventional rail network. Since the planned high speed network is predicated on having a limited number of stopping points, it will be essential to ensure that improvements in local connectivity are planned and implemented in parallel to, and in advance, of high speed rail development such that the whole of the North East can share the benefits. International evidence shows that integrating high speed rail with the local transport networks further increases the area over which the benefits of high speed rail are felt (High Speed Rail Eastern Network Partnership – Technical Business Case Work, ARUP, May 2011).

Rolling Stock and Journey Times

The InterCity Express Programme provides a great opportunity to address the issue of ageing and unsatisfactory rolling stock and whilst it is tremendous news for the North East's economy that Agility/Hitachi Trains are to build the new fleet at Newton Aycliffe in County Durham, there will be concurrent disadvantages to the North East's economy of another seven years before the introduction of new trains, with negative impacts on customer experience, performance, timetable and journey time improvements. The quality of current rolling stock is reducing quickly and it is not clear if trains currently operating on the route will be refurbished again before being replaced in 2019. Given the levels of patronage, it is critical that the new rolling stock due to come into service in 2019 come onto the Newcastle - Kings Cross leg of the ECML at the earliest opportunity.

Infrastructure

Station improvements at Newcastle Central and Darlington are a key part of overall investment. The re-modelling of Darlington Station should be included in the franchise agreement and improvements at Newcastle Central Station will make important material improvements to passenger experience. More details are found at question 11.

Compounding the impact of ageing and potentially unreliable rolling stock, inadequate infrastructure leads to slower journeys and poor connectivity between the key centres in the North East of England, limiting the economic integration between these key drivers of growth. Furthermore, these slow journey times result in reduced frequency (and therefore reduced patronage) on core routes.

End to end journeys on the ECML as highlighted above are important for economic vitality and we would wish to see them protected as a priority within the franchise. Currently the fastest journey time from Newcastle to Kings Cross is two hours and thirty seven minutes although on average it usually takes around three hours. An aspiration within the envelope of the next ICEC franchise period is for this to be reduced to as near two and a half hours as possible.

Rail Value for Money

Q6 Are there any research findings, evidence or other publications that consultees wish to bring to the attention of the Department as part of this refranchising process?

Rail services in the North of England provide significant economic benefits by connecting people to jobs and providing businesses with a wider labour market. There is evidence available relating to all regional services and the prospects for passenger growth on the ECML and its feeder services. There is a strong correlation between employment growth in the North and the growth in demand for rail services.

There should be a clear understanding of what is meant by 'value for money' when applied to assessing the franchise bids and not be restricted to the level of income through fares the new franchise operator believes it can deliver to the Government. A proper consideration should be given to the wider economic benefits the preferred franchise would deliver across the relevant areas of the country.

The recent McNulty Review; *Realising the potential of GB rail* identified an 'efficiency gap' in UK rail operations when compared to European rail operations. The review concluded that UK railways are 20 - 30% more expensive than their European counterparts, which is an issue in the context of achieving value for money and affordability of rail travel in this country.

The Service Specification

Q7 Consultees' views are invited on the train service specification, including which aspects should be mandated by the Department and which can be left to commercial discretion; and also on whether or not there should be a change in the specified minimum service level when IEP trains are introduced.

For intercity routes, first and last trains, station stops and Sunday services should be specified. Local services should not be incorporated into the franchise.

Detailed ambitions for specification are set out in the responses from the North East's two Local Enterprise Partnerships and in responses submitted by individual councils.

It is important that any new timetable should not impair or reduce access to the broader range of services using the East Coast Mainline including those at the intermediate stations between Berwick and Darlington. There is a need for additional capacity to meet current and future passenger demand and more stops at intermediate stations, such as Berwick, Alnmouth and Morpeth, are required as part of ongoing timetable and train service improvements in the franchise period. Passenger Focus would like to see the issue of sporadic timings particularly over peak periods and gaps in departure times from Kings Cross being addressed as well as an earlier initial arrival time into Kings Cross with a later departure from Edinburgh. We are concerned about the suggestion of reducing flows on specific days or times of day as this is likely to be detrimental to the overall service particularly if this results in the loss of clock face departure times.

The key regional peak-time commuter demand patterns should be taken into account including the demand from/to the smaller category stations although increased stops closer to London could attract commuter traffic with significant short term financial benefit but to the long term detriment of the service.

The seven-day railway is increasingly important in response to a growing visitor economy. Also early and later train availability is becoming more important to reflect the need for more variable travel patterns and to accommodate same-day business journeys.

Q8 Consultees' views are invited on the potential for the franchise to serve locations accessible from the East Coast Main Line which currently have limited or no direct services to London.

Train Service Requirements

Other key services in the North East such as the arrangements which have delivered through services from Sunderland to London should be retained and developed. The present four trains a day service (Grand Central) to London serving Sunderland, Hartlepool and Eaglescliffe, whilst a useful addition, is insufficient to provide a modern link. By the end of the next franchise period this will be totally inadequate and as such needs to be considered within the specification and should sit alongside a minimum requirement of two trains per hour to and from London during weekday daytimes.

Delivering Improvements for Passengers

Q9 Are consultees aware of any ways in which improved ticketing, smart ticketing and passenger information might be provided?

Many ticket technologies not yet used by the East Coast franchise are no longer new and have been used with significant success elsewhere in the UK and across Europe. The preferred bidder should show a commitment to exercise major innovations in this area and should also work with local authorities on the line of the route to ensure such systems are locally compatible. The franchise bidder should at an early stage refer to the North East Smart Ticketing Initiative (NESTI) to look at how ticket integration and customer experience can be improved. In addition, the franchise operator whilst embracing innovative solutions should ensure a flexible approach to travel ticket purchase and use, recognising mobile and online technologies may not be accessible for everyone.

On the trains, wi-fi should be comparable to 3G bandwidth as standard rather than a limited premium service which will have the added benefit of communication with passengers for whole journey travel information. Where possible the low continuity of mobile phone signal should be addressed.

The provision of timely and accurate information is of critical importance to passengers and the franchisee must continue to meet the needs of passengers especially during periods of disruption where a coordinated approach between operators must be adopted.

Q10 Do consultees support the use of NPS scores to monitor and improve service quality of the ICEC franchise? Are there any other approaches that might be more effective in securing improvements in customer experience?

NPS is a useful, robust and nationally comparable way of gaining data about passenger perceptions and Passenger Focus performs an important role in deriving it. However it could be further refined to give more granularity of information about different aspects of satisfaction with services. We would also support the use of local data to give a local focus to passenger concerns and more accurate monitoring of punctuality and reliability.

We support the view of Passenger Focus that the key issues are punctuality and delays, followed by affordability and quality issues. We also consider that the disruption caused by maintenance works could be better managed for the customer. In addition, we support Passenger Focus's suggestion that the current 10 minute time allowance before a service is considered to be running late is reduced, that more disaggregated data is provided on punctuality over the route and that there should be a significant reduction in the number of trains running 20 or more minutes late.

We are concerned about the suggested flexibility for the franchisee as overbidding can result in reduced quality of service. Quality must be embedded in the service specification with robust monitoring and clarity regarding the local authorities' role in the service change process.

The use of temporary timetables is a concern and the number of days they are in force should be measured as they have impacts on customer service – although they often result from Network Rail's activities.

The East Coast route is a long-distance Intercity route with many commuters travelling between the extremities of the corridor. Currently, service performance and quality scores poorly against other long distance routes and must be improved. Given the history of the franchise, it is important that revenue generation and commercial viability for the operator are not at the expense of passenger satisfaction levels and customer service.

The availability of good quality catering facilities combined with a personalised service is very important. Also the increased importance of the visitor economy to the North East points to the need for a minimum standard of catering quality forming part of the whole visitor experience for both leisure and business visitors alike.

Better Stations

Q11 What are consultees' priorities for improvements to the stations managed by the ICEC franchisee?

ANEC recognises the impact of good station management and investment in stations as being vital to the attractiveness and growth potential of rail franchises. As identified in a recent report commissioned by Network Rail, *The Value of Station Investment, Research and Regenerative Impacts*, (Steer Davies Gleave, November 2011) stations can either act as barriers to growth or provide the key gateway that impacts on an area's ability to provide connectivity, capacity for growth, support sustainable economic growth in that area and offer development opportunities.

Stations also act as a commercial or community centre and this is certainly reflected in proposed plans for stations including Darlington, Newcastle and Sunderland. Newcastle's Accelerated Development Zone, for example, as agreed with Government as part of the City Deal, is focused on the city centre and in particular the area in the vicinity of the station and its role as a gateway. The re-modelling of Darlington Station can address the operational conflicts currently experienced and improve performance of passenger and freight services using the station, provide flexibility for enhanced local services and address accessibility issues. It provides the potential for enhanced retail opportunities and for improved public transport interchange. The development of the full scheme should be included in the franchise agreement.

These are both examples whereby, as a key actor in unlocking sustainable economic growth in this area, local authorities through greater involvement in station management and investment could maximise benefits for all partners.

Security and Safety

Q12 What do consultees believe are the most important factors in improving safety and security (actual or perceived)?

Levels and visibility of staffing and the presence of camera surveillance improve levels of security and safety in actual and perceived terms. A minimum requirement of the franchise should be that an appropriate staff presence be available at all times during train operating hours and that attention be paid to more remote platforms at the larger stations. CCTV and lighting should also be provided. The issue of gating at stations needs to be clarified as this has been applied inconsistently along the ECML.

Increments and Decrements

Q13 Are there any increments or decrements to the DfT's proposed specification that stakeholders would wish to see and would be prepared to fund?

Given the current engagement and dialogue in relation rail decentralisation, it is not appropriate for ANEC to provide further detail at this stage.

Concluding Remarks

ANEC's response has been informed by the 12 member authorities in the North East and has drawn on various pieces of relevant research including, amongst others, the KPMG, (January 2010) *Department for Transport, Rail Franchising Policy: Analysis of Historic Data*; Aecom (April 2010) *NE Strategic Connections. Evidence Base and Emerging Challenges Report* (copies held at DfT); ARUP (May 2011) *High Speed Rail Eastern Network Partnership – Technical Business Case Work and Steer Davies Gleave*, (November 2011), *The Value of Station Investment, Research on Regenerative Impacts*.

Given the importance of the ICEC Franchise for ANEC member authorities, we would be pleased to meet with Ministers and Civil Servants to discuss any of the issues highlighted in our response and to provide any additional information the Department of Transport would find helpful as part of this consultation process.

For further information in relation to any of the issues highlighted in ANEC's response, please contact Hilary Knox, Deputy Chief Executive, Association of North East Councils on 0191 261 3913 or hilary.knox@northeastcouncils.gov.uk

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