

Light Rail Consultation – TfSE Draft Response

1. Introduction

1.1 This document constitutes the response to the Light Rail (and other rapid transit solutions) call for evidence published in February 2019. The call for evidence describes the Government's ambition to consider how light rail, or similar rapid transit systems, could be incorporated into the transport networks in our towns and cities in future. The call for evidence asks for thoughts on how the UK can harness the opportunities for building on the popularity of light rail, and how we can build the industrial capacity for a new generation of light rail systems.

1.2 Transport for the South East (TfSE) is an emerging Sub-national Transport Body (STB) which is being established in line with provisions of the Local Transport Act 2008 (as amended). As an STB, its principal role is to develop a transport strategy that will identify the strategic transport interventions and initiatives required to facilitate sustainable economic growth.

1.3 TfSE welcomes the Government's ambition for light rail and other similar rapid transit systems to be part of the future transport network in towns and cities in future. Our response identifies the issues which we feel should be considered when assessing the potential introduction of light rail and other rapid transit solutions.

2. Economic Considerations

2.1 TfSE supports the potential that light rail offers as a viable transport solution for towns and cities in the TfSE area. In our view, any scheme proposal coming forward in future needs to be strongly evidence based, with the economic benefits clearly identified and justified. Economic appraisal must be at the heart of the proposal, to avoid the tendency for light rail solutions to be identified with the justification then being retrofitted in an attempt to justify the scheme. We are conscious that in the past there have been a number of instances where proposed schemes have raised public expectations about the ability to deliver a light rail or other rapid transit solution, which has then failed to progress due to a weak economic case. We would expect for Government to provide clear guidance, requiring the use of standard methods for major transport scheme appraisal based on DfT's WebTAG for evaluating economic appraisal, value for money and Benefit Cost Ratio (BCR).

2.2 With any future proposal for light rail schemes, it must be recognised that in many instances, similar economic outputs can be secured by offering improved bus services or other Mass Rapid Transit (MRT) solutions. In the TfSE area, Hampshire County Council and bus operator First have achieved passenger growth through the Bus Rapid Transit (Eclipse) scheme in Fareham and Gosport. This bus based system along a disused rail corridor has delivered 65% growth in passenger numbers over the services it replaced. This is a tarmac solution (i.e. not guided) using high quality mainstream buses, delivered at a much lower cost than a Light Rail Transit (LRT) system (albeit acknowledging that growth would have been even higher with LRT). The buses bypass a very congested stretch of road and have delivered excellent reliability and journey time predictability. The lesson learned is that lower cost solutions can drive growth with improved infrastructure providing better journey times and reliability than using the car. Therefore, lower cost alternatives

should always be considered including ultra-light rail. An independent case study carried out by KPMG has found a post implementation BCR of circa 6:1 for Eclipse.

2.3 Any proposals must form part of a locally and sub-regionally agreed integrated land-use and transport policy, supporting new housing, jobs and investment, transit-oriented development, with evidence of specific benefits to congestion and air quality. Therefore, LRT plans need to be grounded in all relevant local planning documents – including Local Plans, Local Transport Plans, Local Enterprise Partnership (LEPs’) Strategic Economic Plans and Local Industrial Strategies. TfSE is in the process of developing a Regional Evidence Base as part of the development of its Transport Strategy, which we would expect our constituent local authorities to find helpful in the development of future schemes.

2.4 As part of the development of potential future schemes, we suggest that the following criteria could be included as a means of assessing economic benefit:

- Improved access to employment opportunities through the extension of labour market catchment
- The level to which inward investment can be secured
- Unlocking new development sites
- Triggering fresh growth through elimination of significant transport constraints
- Land and Property Value uplift

2.5 When LRT schemes are being developed, to ensure the best chances of success, proposed schemes must incorporate as many major drivers of patronage as possible. Depending on their scale, schemes should be expected to comprehensively assess the potential to provide Park & Ride at the fringes of the urban area, then typically serve significant educational sites such as university campuses/halls of residence and further education colleges. Successful schemes must also be integrated into major housing areas along the line of route, industrial parks, major employers such as a regional hospital, city centre retail and office quarters, and rail and bus stations. Every opportunity should be taken to incorporate major generators of patronage both at peak and off peak times, as it will only be through consistently high levels of patronage throughout the day that private sector investors will be attracted to schemes, and sufficient revenue will be generated to cover the on-going operating costs and pay back the capital investment in infrastructure.

2.6 TfSE would encourage the Department for Transport (DfT) to take into account the agglomeration benefits of bringing pools of workers closer to employers therefore providing high value employers with a larger range of potential employees. LRT can help improve business connectivity, making it easier to generate additional trade and economic growth. As a prestigious transport investment, LRT systems also deliver spin-off investment through urban regeneration schemes and increased property values.

2.7 In terms of funding of LRT and other MRT, TfSE welcomes the request for ideas for promoters to lever in funding from other sources outside Central Government. With the advent of Network Rail’s funding settlement for Control Period 6 (2019-2024), and the introduction of a new project pipeline approach to enhancements with the Rail Network Enhancements Pipeline (RNEP), there is a drive to source capital funding for national rail infrastructure projects from non-government funding streams. There may be some exceptions to this for major schemes regarded as

being of national significance, but the great majority of rail infrastructure schemes will require alternative sources of funding from now on. There are other sources of public funds, such as the Housing Infrastructure Fund, the Coastal Communities Fund, and the final two years of Local Growth Fund (LGF) which has been the main support for local authorities promoting rail schemes through their respective LEPs. Promoters will therefore need to leverage a mix of public and private funding, especially through developer funding such as the Community Infrastructure Levy (CIL) or Section 106 agreements. There may be new sources of funding available through the LEPs to succeed LGF, but as yet there is no identified funding from this source which would apply to transport infrastructure projects. Due to the long lead in times for LRT solutions, incorporating funding opportunities in the Comprehensive Spending Review and Large Local Majors would ensure funding is identified well into the future.

3 Environmental Considerations

3.1 The recent publication of the Committee on Climate Change report, 'Net Zero – The UK's contribution to stopping global warming', has recommended new emissions target for the UK of net-zero greenhouse gases by 2050. Within the emerging policy framework that will set out the trajectory to achieve this target over the next 30 years, there is an opportunity for LRT and MRT to become part of the urban solution to move large numbers of people sustainably, whilst reducing the environmental impact of personal transit solutions that have dominated our urban centres in the late 20th Century. TfSE strongly supports an approach to appraisal which assesses environmental benefits of LRT and MRT on an equal basis with the economic benefits which we have set out above. The implementation of LRT systems across Europe has demonstrated that towns and cities benefit from an efficient mode of public transport that is environmentally friendly and reduces carbon emissions from excess traffic levels. We would encourage the DfT to review the environmental benefits of European schemes and embed lessons learned into the assessment criteria for future UK schemes.

3.2 The publication of the Department for Environment Food and Rural Affairs (DEFRA) 'Clean Air Strategy 2019' has reiterated the importance of transport having a key role to play in reducing harmful emissions and meeting the government's objectives on the environment and public health. TfSE is clear that LRT and MRT may have an increasingly important role to play in helping to improve air quality in urban centres, which would also improve the public health of their residents, whilst also ensuring that people are connected to employment, education and leisure opportunities. In turn this could also help to reduce the impact of congestion on many urban routes, and help to increase opportunities for people to walk and cycle for shorter journeys, therefore improving health and wellbeing. We would support the reduction of poor air quality being included as an assessment criteria when evaluating future schemes.

3.3 TfSE would like to highlight the inherent opportunities for future LRT and MRT schemes to contribute towards 'clean growth'. There are growth opportunities across the environmental sector as identified in the TfSE 'Economic Connectivity Review' published in 2018. The DfT should ensure that where possible, UK businesses and employees are competitive enough to be able to be involved in the design and engineering of future schemes, as this could also have the long term benefit of reducing scheme costs. We would also support the Local Enterprise Partnerships having due regard

to the growth potential of LRT and MRT in their Local Industrial Plans (LIS), which could feed through into future funding opportunities for Local Transport Authorities.

4 Social Considerations

4.1 TfSE would encourage the DfT to recognise the wider social benefits of LRT and MRT schemes. DfT should provide best practice guidance on how to capture and monetise wider social benefits of LRT systems. By encouraging more people to travel sustainably, a greater number of people will walk to LRT stops and stations and generally to adopt a healthier lifestyle which incorporates more exercise. A healthier population will result in reduced calls on NHS services resulting in wider cost savings. Equally, strongly performing public transport systems can reduce social isolation, encouraging people to participate in broader society with the resulting cost savings in social care costs.

4.2 The potential benefits of integrating LRT and MRT with other modes of public transport should also be explored and encouraged in the design of future schemes. TfSE would support schemes that include smart ticketing as a key part of the business case, which integrates seamlessly with other modes of travel. When considering the cost of travel, fares would need to be set at a level that encourages a high rate of use, which would in turn lead to increased revenue for the operator. This can, in the long term, offset the high cost of installation and reach a sustainable level without the requirement for subsidy. The DfT should pay particular regard to the development of Mobility as a Service (MaaS), and the potential that as people become more connected through technology, that placing the needs of passengers at the heart of a mode of transport that is easy and reliable to use, would encourage modal shift towards sustainable forms of transport.

5. Technology Considerations

5.1 There are parts of the heavy rail network in the TfSE area that could potentially benefit from the mixed use of heavy, light, very light and ultra-light rail systems, which could provide short trip opportunities from suburban areas onto on-street running into urban areas. TfSE is keen that the lessons learned from the Rotherham Tram-Train trial, including how costs can be reduced in the long term, can encourage other areas to benefit from the new technology. In the TfSE area, Network Rail is currently undertaking a study into the West Coastway line between Brighton and Chichester, to optimise the mix of long and short distance services. There is potential that an optimisation of this stretch of track could provide significant modal shift opportunities as an alternative to car use on the A27 and the A259. The DfT should be conscious of parts of the main rail network where technology such as Tram-Train and digital signalling could enhance local journey opportunities, leading to the benefits set out earlier.

5.2 TfSE is keen to note the potential synergies between the call for evidence on light rail and the Department for Business, Energy & Industrial Strategy's 'Grand Challenges', in particular:

- the 'future of mobility' - mobility available when we want it, where we want it and how we want it.
- 'Artificial Intelligence and data' - Autonomous Vehicles and AI / machine learning (e.g. Demand Responsive Transport (DRT) hail and ride apps)

6 Conclusions

6.1 TfSE supports the DfT's call for evidence on how to prepare for future LRT and MRT schemes and ensure that the UK is ready to build industrial capacity to deliver future schemes. We are keen to support our Local Transport Authorities should they wish to develop schemes that could deliver the benefits discussed in this response and our developing Regional Evidence Base will help them to make the business case based on future housing and employment requirements. TfSE would be keen to work closely with the DfT to explore how future schemes can be funded, and the role that STB's can play in helping to ensure the effective development and delivery of sustainable LRT and MRT projects in the future.