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SOUTH EAST ECONOMIC DEVELOPMENT STRATEGY

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RIGHT LINES?: A Study of British Rail Services in the South East

ABSTRACT

Rail and road traffic growth has been running at between 5% and 7% in the 1980's. Road traffic speeds are falling, and there is already severe congestion on the M25. As a monopoly supplier, British Rail has failed to expand in line with this growth of demand. The amount of rolling stock has declined, overcrowding has increased, off-peak services have been cut, and a number of services show persistently late running. These service failures have been caused largely by low levels of investment throughout the 1980's and operational cost cutting. In spite of upgrading investment projects, British Rail's planning for only 2.2% commuter growth over the next five years suggests that service quality will be further threatened.

British Rail's finance-led strategy has also resulted in cuts in employment and training, as well as retrenchment in its engineering and freight operations. As an employer it pays too little attention to health and safety at work issues, and to the development of equal opportunities in its recruitment and personnel management policies.

Equally serious is the failure by both the Department of Transport and British Rail to integrate rail strategy with that for road transport. At the moment investment is assessed differently for road and rail, with an underestimation of the social costs of road expansion and of the social benefits of rail investment. Rail use is further constrained by financial rate of return targets on investment, by internationally unparalleled cuts in public revenue support, and by fiscal incentives favourable to roads (notably those promoting the use of company cars). Nor are either road or rail transport effectively integrated with regional planning and employment policy. As a result, the failure to invest in rail and to fund improved services publicly results in higher social costs as congestion and road expansion increase.

The need for an integrated regional strategy is made more acute by the proposed development of Stansted airport and the building of the Channel Tunnel. It is imperative that the increased employment and development pressures arising from these projects are channelled to those parts of the region with high levels of unemployment, notably the East Thames corridor and Inner London.

National policy should be urgently re-oriented to ensure an expansion of both passenger and freight services on British Rail, and the current financing restrictions relaxed accordingly. At the same time, local authorities have a key role to play in a more user-oriented, expansive, innovative and flexible British Rail, geared to respond to specific needs, and integrated with local planning policies. The report proposes a much closer link between local authorities and British Rail to this end.

RIGHT LINES?

A Study of British Rail Services in the South East

SEEDS ASSOCIATION

A key infrastructure

1. British Rail is one of the key infrastructures of the South East regional economy. In 1985/6 307 million journeys were made on Southern Region alone, that is about 25 journeys a year for each member of the population. Nearly half the journeys are made by season ticket holders. Every weekday Network South East (of which Southern Region makes up two thirds of the traffic) carries more than 400,000 people into central London. The train takes people shopping. It takes them out for the evening and to see each other. It takes travellers to Gatwick and the Channel ports. Its network has shaped the layout of the region as much as having been shaped by it.
2. At the same time, British Rail is a significant employer in the region. It employs 49,000 people within a radius of 80 miles of London, 30,000 of whom are stationed within 12 miles of Central London. 41,000 are employed by Network South East, with just over 25,000 in the Southern region. These are by and large male, full-time jobs. Women account for only 10% of the 49,000 jobs. For Southern region in 1986, out of 25,672 jobs, only 43 were part-time. During the 1980's British Rail has followed a policy of job cutting, 72,000 for the country as a whole since 1979. Some of the most serious in the South East occurred with the closure of the BREL works in Swindon (2,300 jobs lost in 1986) and the substantial cutbacks at Eastleigh. For the Southern Region itself, 4,000 jobs were lost between 1980 and 1986, a reduction of 13%. British Rail's direct employment statistics understate its significance for employment, which includes not merely the commuters it carries, but also the more general access it gives within the region to both people and goods.

Market restructuring

3. For some years, British Rail had been declining not just in employment but in services provided. Commuting by rail into central London declined from 456,000 in 1966 to 421,000 in 1979 and to 384,000 in 1983 (a decline of 16%). On Southern Region itself, the number of journeys for all purposes fell by 21% in the three years between 1979 and 1982. Stations were closed. Freight was being squeezed, as was engineering. This has continued as the pattern for the UK as a whole; one in every ten stations have been closed since 1979. But in the South East the passenger trend has been reversed. Central London commuting was back up to 420,000 in 1986, a rise of 9% over 1983. Total passenger journeys on the Southern Region were up by 18% on 1982 (a year of industrial disputes), and by 8% on 1983. While some stations have been closed off-peak and on Sundays, a number of new stations have opened, four on the North London line and several in the outer metropolitan area.
4. This reversal has taken place in spite of a general government policy of retrenchment and financial cuts (government revenue support to the South East system fell by 39% between 1983 and 1986), in spite of a sharp fall in investment (annual investment on Network South East fell by 36% between 1980 and 1985/6), and in spite of cuts in off-peak services, in the proportion of trains arriving on time, in the number of carriages (down 11% between 1980 and 1986/7) and in the possibility of getting a seat. Though some aspects of travelling have improved (some new rolling stock, electrification, refurbished stations), the major cause of this change has been economic growth within the region. Growth has led to an increase in the better paid service sector jobs (employment in the City has risen by 20% in the last 5 years), it has increased disposable income for travel, and it has been associated with a property boom which has encouraged London-based employees to move out and extend their commuting.

81% of the 23 million extra journeys being made on Southern Region in 1985/6 over 1983 were being made by season ticket holders.

5. Presented with this surge in demand, and with increased congestion being faced by its road-based competitors, British Rail has responded as if it were a private regulated monopoly. Having a monopolist's interest in restricting demand, they have been planning a 2.2% commuter growth over the next five years, while the London Underground is considering whether its plans should be geared to 25% or 30% growth over the next ten years. As a monopoly supplier, British Rail has been able to increase its fare revenue (up by 14% in constant prices between 1982 and 1985/6) at the same time as cutting its operating expenses (down by 6% over the same period) and its investment (down 8%). The savings in operating expenses have been brought about by cuts in maintenance, cuts in off-peak services, station closures, reduction in train length, introduction of one person operated trains, and job shedding more generally. Where investment has taken place it has been required to earn a targetted rate of return; thus new rolling stock has been bought because it allows increased passenger capacity, energy savings, and low maintenance. Major station refurbishments have produced increased trading income from letting off space to shops and private services. Overall, it has been a market-led strategy of rationalisation and restructuring. It has been applied equally and separately to passenger transport, to freight, to engineering and to British Rail's property holdings.

6. Viewed in financial terms, the strategy has more than met its targets. Network South East has cut its operating losses from £309 million in 1982 to £223 million in 1985/6, while the number of passengers has increased. But in broader regional terms we regard this strategy as dangerously limited, and the regulatory guidelines within which British Rail operates as seriously inadequate.

The coming crisis in transport

7. First and foremost, British Rail is being run without due regard to the transport crisis which is developing in the region. It is difficult to understate the seriousness of the situation. Peak traffic on NSE rose by 9% between 1984 and 1986, and by a further 6% in 1987. This is likely to continue, with the City Commuter Services group estimating a rise of 16% in city jobs between 1987 and 1992, in spite of the relocation of 9% of the current workforce outside London. Major road traffic in the South East has been increasing by 7% a year, well above the 4% national average. The result has been serious congestion and falling traffic speeds, not only in London but on motorways. Most serious is the M25, where three-lane sections designed to carry 85,000 vehicles per 24-hour day are carrying up to 131,000, and four-lane sections designed for 115,000 are carrying 145,000. On one day in 1987 a four-lane section of the M25 recorded 169,000 vehicles in a single day.

8. Part of this traffic is cars. But a significant proportion is made up of freight vehicles. The South East region handles 30% of national heavy goods vehicle (HGV) traffic. Of the roads with the top 50 HGV flows in the UK, 21 are in the South East, and average flows of HGV's are 50% higher in the Rest of the South East than nationally. In 1985 and 1986, HGV traffic in the South East was growing at 7% per annum, at which rate it would be up by a third in 1990.

9. Such pressure on roads cannot be contained. Either it implodes upon itself, in the form of congestion, as it has done in car-based cities throughout the world. This has its own costs, both in human and environmental terms, and financially. Or it explodes in the form of demand for new highways: among the current proposals are new urban motorways in London, and another circular motorway around London, either on top of or outside the existing M25.

10. Once congestion takes hold, the pressure for new traffic space sooner or later becomes irresistible. The costs of congestion alone are enough to underwrite any expansion, for they automatically become benefits in any cost-benefit study of a new investment which eases the flow. With the costs of congestion on Greater London roads estimated at £1.45 billion by the British Road Federation for 1987/8, any new road scheme that frees up the flow of London traffic starts with some proportion of £1.45 billion as its potential benefit. The market economics of time are the fuel for the juggernaut of road building.

11. Yet one of the lessons of transport economics in Western countries is the danger of allowing the road juggernaut to run unchecked. The danger is that it will destroy cities and the country it is seeking to connect. The scars made by the urban motorways built by Robert Moses in New York are still unhealed. Planners now ask whether Los Angeles can still be called a city because of the devastation of the car. It is not merely the space taken by the motorways, but the pollution of the air, the noise, and the accidents. These have driven those who can afford it out of the city to new suburbs, also connected by motorways to the remaining offices and downtown areas of the city. This is a process most acutely evident in the US and the cities of the periphery, but it is one which is recognisable in our own cities and the patterns of development in the South East.

12. At each step the economists have justified expansion because the wider costs are less tangible than the benefits of saving time. But if they are less tangible, they are no less real, and it is their present reality which has led to a revolt amongst urban planners to the domination of the car. They have demanded that instead of planning following the market, the market should follow the plan. The strategy has to set the structure within which the market can work; relying on the market should not itself be the strategy.

Strategic choices

13. It is the main strategic choices which have got lost in British transport planning in the 1980's, and which are so urgent for the future of the South East. The growth in traffic demand can be accommodated extensively, by the expansion of roads and the private car, or it can be handled intensively, by managing existing traffic space and the demand for transport itself. The government's current policy, its accounting procedures and its investment and financial controls favour the former. Mesmerised by the market, the government have failed to look at the cumulative impact of 'extensive' transport development, not just on our cities, but on small towns and the countryside as well. It is the view of this report that the direction of transport policy needs to be shifted to intensive development, both in road and rail.

14. We say road and rail because neither can be taken separately. One of the gravest weaknesses of the current national policy is that, with a few exceptions, this connection is not made. The Monopolies and Mergers Commission Report on Network South East discusses British Rail as if roads were a foreign country, to be competed against rather than planned with. Their argument, and that of the government, would be that the connection is made by the market. Our reply is that the market is inadequate given the many social costs of road transport which are not reflected by the market (so-called external diseconomies) and the social benefits (external economies) that would result from the closer integration of road and rail.

15. Viewed in terms of an intensive development strategy, British Rail clearly offers considerable scope for expansion. The railways as such operate at far below their full rail capacity, except at certain bottlenecks and at peak periods. The introduction of electronic signalling and the scope for new investment to meet locational bottlenecks both promise to expand effective capacity. We should remember, too, that the flow of passengers into Central London during the morning peaks (the main bottleneck) was in 1986 still 8% lower than twenty years earlier in 1966.

Removing the straightjacket

16. What is needed is an investment and operating programme which aims to shift traffic from road to rail. This will involve the following:

a) ending the incentives to travel by road, notably by abolishing tax relief on company cars. (The 1988 Budget tax changes were insufficient.)

b) standardising the means of assessment of road and rail schemes. (Currently, road schemes are assessed on the basis of estimated social costs and benefits, whereas rail schemes are required to earn actual financial returns.)

c) taking full account of social costs and benefits in each case. (The Monopolies and Mergers Commission report on Network South East commented that BRB's "treatment of benefits is less rigorous than the treatment of costs," and that "schemes had not been justified by social benefits for some years," whereas on road schemes environmental and social costs tend to be underestimated.)

d) adjusting the pricing system on both road and rail travel in order to encourage substitution to rail. (The Dutch government have recently raised road taxes, are proposing to introduce electronic road pricing, and at the same time have increased public transport grant support by 50%.)

e) switching the incremental balance of government finance from road investment and maintenance to funding rail accounting deficits.

f) removing investment controls from British Rail, restrictions which have played such an important part in the chronic underinvestment recorded by the Monopolies and Mergers Commission in their report.

17. The above are measures geared to the pricing, financial and accounting systems. The positive impact of such measures can be gauged from the substantial substitution to public transport and the reduction in road congestion that took place as a result of the GLC's Fares Fare policy in the early 1980's, as well as from urban transport policy abroad. Moving beyond these financial levers to the network itself, there are two major limitations to the South East rail system as it is presently constructed. First, it is a radial network, centred on London. It has failed to keep pace with the increase in orbital traffic in spite of the success of some cross country routes and services. Secondly, it is a network predominantly geared to passengers, when it is the pressure of HGV's which has been an important element in motorway congestion.

New lines for freight

18. Whereas 72% of commuting to London takes place by rail and a further 11% by bus, 90% of all freight moves by road. Of freight that is carried by British Rail, 75% consists of coal. For Southern Region, only 4% of revenue is earned from freight, and a further 2% from parcels. The major

reason for the disparity is that whereas people can reach a railway station on foot or by some other form of transport from which they change on foot, goods by and large are picked up and delivered by road, and there are substantial costs in changing transport modes between road and rail. Studies of this problem in London identified the need for specialised interchange centres, the development of complementary technology for road/rail freight, and the coordination of system planning between road and rail. Far from following this policy of coordination, current Government policy has been to increase fragmentation: by privatising the National Freight Corporation, curbing investment and financial support of British Rail's freight, encouraging the sale of British Rail's property (much of which provides the potential for an expanded road/rail freight system), and maintaining the legal restriction on British Rail running a door-to-door service of its own. The developments of road/rail integration of freight in connection with the Channel Tunnel indicate what is required, both in terms of investment and planning. A recent study by Steer, Davies and Gleave estimate that there is scope for new through-rail freight using the Channel Tunnel of between 3.1 and 5.8 million tons by 1993, implying a reduction of 888 to 1644 heavy goods vehicles a day when the tunnel opens, or a 6% to 11% reduction of the current number of heavy lorries on the M 25 near Dartford. If such integration were pursued more generally, the potential diversion from road, according to one estimate, might be 20-24% of the current HGV movements on the M 25. We propose that SEEDS and other concerned parties undertake a detailed study of the freight sector in the South East with this in mind.

Traffic management and integrated planning

19. There are other ways in which the intensive development of transport can be achieved, particularly for passengers:

- further improvements in integrating different parts of the public transport system, notably rail and bus, and car and bus. (Oxford have done much in this field, notably in their park and ride scheme.) At the sub-regional level we favour the introduction of Passenger Transport Authorities which have been so successful in metropolitan areas.
- developing retailing centres near railway stations, and making provision for the carrying of containerised shopping on trains, as has been done on at least one of the cross-channel services. (There are major retailing developments in Thurrock, Cambridge and Brighton where such links are relevant.)
- encouraging the intensive use of existing roads; through the designation of bus and cycle lanes, and the provision of cheap, regular bus services.
- linking rail planning with local and regional plans. The Department of Transport and the Department of the Environment remain seriously ill-coordinated, so that there are many ways in which British Rail does not take account of the current Regional Strategic Guidance. This is a point made by SERPLAN, and we firmly support it. They point out, for instance, the fact that the major growth area in South Hampshire still has not been properly serviced by British Rail, that railway investment has been particularly needed in the East Thames corridor (a point born out in the case study of Basildon), that some large and medium-sized towns still lack a station, and that services in Inner London and across London from West to East are given low priority.

What should be remembered is that effective integration of planning, transport and employment policy allows the need for transport to be reduced by linking homes and jobs (as in the original New Towns) and thus eases the pressure for expansion. At the moment, the weakening of planning, the privatisation of housing and the property boom have all worked in the other direction, with longer journeys to work and less self-contained towns and communities. The need for integrated planning is particularly pressing with the development of the Channel Tunnel and the expansion of Stansted. Both will generate employment and development pressures, and it is vital that both are channelled to those parts of the region which still have high unemployment.

20. Our overriding concern is that these strategic perspectives have been lost through the emphasis on market accounting and financial curbs. As traffic growth builds up during the 1990's, the costs of congestion and the pressure for more roads will increase. Ignoring the experience from abroad, both negative (in terms of the destructive costs of roads) and positive (in terms of the social return from subsidised public transport), the Government and British Rail are set on a course that will only intensify the pressure for road building. This will be the cost of an approach which puts the market cart before the planning horse.

The quality of service

21. There is another cost of British Rail's current approach. The reduction of its deficit is taking place at the expense of both its users and its workforce who are bound into the rail service each in their different ways. As far as the users are concerned, we have already cited the results of the review by the Monopoly and Mergers Commission published in September 1987. It is clear from this report that there have been some areas of improvement: in the reduction of train cancellations, for example, the improvement in cleaning and station appearance, and in passenger information. There also appear to be some improvements in managerial effectiveness and in services following electrification. But the overall picture is still one of a gravely deficient service, which in some respects is actually getting worse.

22. Performance is assessed against targetted quality standards. These standards include the requirements that 90% of trains arrive within 5 minutes of the right time, that the number of passengers should not exceed 135% of seating capacity on sliding door trains and 110% on slam door stock, and that no one should have to stand for more than 20 minutes.

These targets are themselves problematic, particularly if catching connections depends on reliability. But that aside, the report then notes that "NSE is having difficulty in meeting its internal punctuality targets, a situation which has not changed since 1980" (p. 161), and that some services show persistent late running. NSE were also reported to have difficulty in meeting the 'no more than 20 minutes standing' standard, as overcrowding increased throughout 1986.

23. There are other aspects of decline not captured by these standards: the cut in off-peak services, their slower scheduling, greater gaps during the peak; shorter and more crowded off-peak trains. British Rail rolling stock, because of its 3% investment policy, is up to 40 years old. The Transport Users Consultative Committee for Eastern England noted that British Rail's performance had been unsatisfactory and that NSE's cutbacks had affected all aspects of service quality. The TUCC for Southern England complained about fares, the loading targets, and the staffing cutbacks in smaller stations.

The Consultative Committee for the London region argued for a 100% loading target, cited problems of punctuality, and referred to the chronic underinvestment in the network. The City Commuter Services Group, representing city employers, commented on the debilitating effect on their businesses of inadequate commuter services, and warned of "a serious crisis looming in a few years if more expansion and improvement is not instigated in the near future." Complaints received by British Rail increased by 64% since 1979, though NSE no longer keeps complaints statistics. The overall conclusion that emerges from the statistics, the arguments, and the daily experience, is of a service where convenience and service are continually sacrificed to the search for economies. This is the dark side of the growth of the 1980's.

24. The targets we have been discussing are based on averages, and as the MMC report points out, such averages hide substantial variations in the standard of service. The variations it notes are between geographical areas. We believe the criticism should be taken further, and that NSE, in its published quality of service data, should include targets relating to the needs of a number of different groups:

a) people with disabilities. Many railway services are inaccessible to people with disabilities. NSE should develop a programme to include: purpose built toilets, dropped kerbs on station approaches, wheelchair accessible lifts to the platforms, textured platform surfacing, braille route maps, induction loops at ticket offices, and so on. It is significant that BR have failed to follow up proposals for a joint scheme to help travellers with disabilities discussed with Stevenage Council in 1983/4.

b) women. More than 50% of the women in the South East have no access to cars during the day. A high proportion of off-peak travel (including off-peak journeys to work) are made by women. Yet it is off-peak services which have been most seriously affected by NSE's policy of rationalisation. NSE should target services geared to the needs of women, which would include: a programme to improve the safety of women using the railway; improvements in off-peak services; expansion of integrated ticketing, since women tend to take more short journeys with more changes; and improved design of carriages to minimise the chances of attacks on women.

c) school children and students. Rail policy should be linked to education policy, so that railways can be used for school and college journeys.

These are three groups among many. What is required is not only targets for the above but rather a more active research into particular needs - which, when it has been carried out, has shown significant potential for user growth.

The quality of work

25. In spite of the limitations of the current quality of service data, the needs of users are more explicitly addressed than those of people working on the railways. With respect to labour, the key measurements concern productivity. What is not taken into account is health and safety at work, the impact of working hours on domestic life, and the broad issue of equalities within the workforce. In the case of both health and safety and working hours, there are balances to be struck which take place largely through the machinery of collective bargaining. What concerns us is that assessments of the industry take no account of the costs to health and safety of measures like one-person operation, when studies both of bus and underground train drivers clearly show symptoms of increased stress and illness as the result of the move to driver-only buses and trains. We regard this as being just as important as the quality of service; there should be independent surveys of driver's health on a regular basis.

Issues of stress at work should not be reduced to a bargain over wage levels within the framework of a public industry. Similar considerations apply to shift working and flexible rostering.

26. As far as equalities are concerned, British Rail has a particularly poor record, as shown in the Equal Opportunities Commission Report on the subject. In 1983 only 15% of the 5,229 British Rail recruits were women, and they were concentrated in the clerical and typing grades, canteen and domestic staff and hotel staff.

In many grades (covering 37% of total recruitment) women did not get one post. Those in post reported facing prejudice, harassment, and illegal discrimination, and there is nothing to indicate that the position has improved since then. As a result of the EOC report two women were appointed to pursue the proposals on a small budget, but this was clearly insufficient to change significantly the practices and culture of an organisation of 170,000 people. Again this is an area where a substantial programme of reform is needed, with published targets and monitoring against target. Such a programme should cover the recruitment and career progression not just of women, but also of other groups subject to discrimination, notably black people and people with disabilities.

British Rail and the local labour market

27. British Rail has traditionally been an important employer in the region both in terms of the quantity of jobs and the level of training provided. Rather than being widely dispersed, this employment has been concentrated in a number of towns and cities, including a number of those in this study. In spite of the cutbacks in BREL, British Rail still employs 2,500 in the Southampton area, 1,000 in Swindon, 900 in Brighton, and more than 200 in and around Crawley. In each case, British Rail's investment in training can have a significant spillover into the local labour market.

28. The Monopolies and Mergers Commission Report generally supported British Rail's training provision. We are less sanguine. Training has been one of the items to be cut back as part of the cost cutting programme, particularly the induction and further training facilities. The extended use of YTS recruits and a new emphasis on customer care training are not adequate substitutes. The run-down of BREL has had a particularly serious effect on the recruitment and training of young engineers, with a notable cutback of engineering training at Eastleigh. Maintaining the standard and quantity of training and ensuring that it is geared to the expansion of equal opportunities in recruitment and promotion should be a publicly monitored target for British Rail as a whole and NSE in particular.

29. In terms of overall levels of employment, some of the job losses have been associated with reductions in service. Consultative Committees have complained at the lack of staffing in some smaller stations, for example, and these and similar jobs could be re-established by a policy which aimed to restore the former standards of service. Others have been part of the run-down of British Rail business. Reversing any such trend will require a strategy to expand the non-passenger parts of British Rail's operations. Freight has already been touched on. Similar considerations apply to BREL. The new build section of BREL is confined to bidding for railway contracts only, while its maintenance section (BRML) cannot bid for private sector work. This has put them both at a competitive disadvantage with respect to private firms who are able to maintain capacity utilisation by serving unrestricted markets. It has also encouraged a policy of retrenchment, with cuts in the workforce leading to loss of capacity to meet the next peak.

With the commissioning of new stock for the Channel Tunnel route, and the upgrading of stock by British Rail in the country as a whole, we believe there is a clear and positive future for BREL in the new build field (of particular importance for Eastleigh) as in maintenance. The potential is similar to that shown for the London Transport maintenance works at Acton, Chiswick and Aldenham, which faced similar restrictions and a policy of managed decline. In both cases, however, the health of the industry was and is closely linked to investment and maintenance policy in the public transport network, and it is investment and maintenance which have suffered in the retrenchment strategies. The cost has been not just to jobs but also to exports, for in the past major rail investment programmes have been quickly followed by large export orders.

Privatisation

30. The main burden of our report has been that the application of market accounting and financial controls has led (a) to a failure to address the wider strategic problems of transport planning, and (b) to a decline in the quality of service to many groups of users, as well as in the quality and quantity of employment. Both these results are likely to be intensified, if, as appears probable, the Government proceed with plans to privatise British Rail. The way has been prepared for this by what British Rail calls sectorisation, the breaking of rail business into distinct sectors, each with its own accounts and financial targets. A number of them now receive no subsidy, notably freight, parcels, the inter-city services, the British Railways Property Board, and Travellers Fare. Individual parts of the passenger network, if separated, would also be likely to run at a profit, such as the London-Gatwick rail link. Apart from the sale of British Transport hotels, the first step in passenger network privatisation has been on new lines, with the proposed Paddington-Heathrow link. Those with whom we talked in the industry expect privatisation of the non-loss making sectors to be undertaken first, with selective passenger service privatisation to follow.

31. We regard any such moves as most ill-advised from the viewpoint of transport requirements in the South East. As the SEEDS study of Bus Privatisation has shown, the transfer of a transport service to private hands tends to bias the service towards trunk routes at the expense of off-peak and less heavily used services. The subsidised franchising of loss-making bus routes has not failed to halt the decline of such services. Standards of maintenance, levels of investment, and the terms and conditions of employment have all deteriorated, as has the capacity for planned service co-ordination. The experience of British Rail (and Network South East in particular) under a regime of cost minimisation suggests that a privatised rail network would be likely to follow the same pattern. Joint strategic planning would be more difficult, as would quality of service and quality of employment enforcement. The message of our study is that these are hard enough to enforce on a publicly controlled industry, let alone one which is fragmented into a number of different private hands. As the City employers put it in their commuter services report, "wholesale privatisation of sectors of the public transport system works to the detriment of essential co-ordination, and therefore the brunt of costs has to be met, at least initially, from the public purse."

32. The key offsetting gain of privatisation, it is argued, would be in managerial performance and service innovation. We regard this as a serious issue, for British Rail has shown itself to lack the innovative and user-

oriented culture which is required of a modern public service industry. The Monopolies and Mergers Commission reported some involvements in management and organisation structure during the 1980's, but in our view it is still far from sufficient, particularly with respect to service expansion and the identification of demand. The answer, however, is not privatisation to a private monopoly operator, but a further restructuring of British Rail organisation, the strengthening of user control and public assessment, and the separate identification and financing of innovative services. Models drawn from what has been called 'the new public administration' are relevant here, emphasising greater decentralisation, internal competition, user disciplines and the financing of external groups. The social auditing function undertaken by the Monopolies and Mergers Commission should be made more frequent and extensive.

33. In the face of the need for integrated planning of the South East transport system, and the substantial expansion and restructuring of rail services that will be needed to offset the pressure for extensive road expansion, privatisation will serve only to hinder the process.

The role of local authorities

34. In a process of strategic integration of transport and an improved system of service quality control, local authorities have a central role to play. They are in a position to link rail planning and operations to bus transport, taxi, and road traffic management within their local areas; to link transport with planning and employment; and to assess more sensitively the impact of rail and road systems on the local environment (including noise). They are also in a better position to gear the rail facilities and many of its services to particular local needs. We mentioned educational needs and those of groups with needs that get lost among averages. But there are others.

Equally, local authorities are well placed to monitor local rail performance. In short, they have a flexibility and local knowledge which central planners and administrators, public or private, inevitably lack.

35. At the moment there is too little contact between district and borough councils and British Rail, though a number of the case studies - Thamesdown, Southampton, Oxford, Brighton, Stevenage - show what can be done. Transport integration had been weakened at the local level by bus privatisation. The system of transport consultative committees is too constrained by resources and time to fill the now vital stronger role representing user interests. The weakening system of planning limits the extent to which transport can be linked into wider local and regional aims.

36. All parties suffer from these arrangements, not least British Rail itself. Just as modern industrialists have come to see strong consumer feedback as an important means for quality control and service restructuring (this is notably the case with Japanese companies), so British Rail has an interest in a more active and well resourced system of local representation and planning. Closer relations with district and county authorities should be one area of innovation taken up by Network South East, and we suggest that one or more of the SEEDS authorities, in conjunction with their county, be funded by NSE to work together with it on a pilot project.

37. Separate from this, there are still a number of initiatives that district and borough councils can take with respect to British Rail, even given its current orientation.

They can:

- monitor British Rail services locally, either directly or through support for voluntary groups. (The commuter club in Cambridge is connected with the local paper which carries a weekly report on train punctuality.)
- make representations on timetable proposals.
- initiate a Public Transport Forum, with representatives of local user, community and trade union groups. (Harlow Council has established good relations with its commuter club, and such a model could be extended.)
- undertake research into identifying transport need. (Southampton City Council have recently commissioned consultants to assess the feasibility of a Light Rapid Transit scheme in the Solent area.)
- undertake research in identifying the costs of non-integration of transport services. (The GLC and Amsterdam have both undertaken pioneering studies of this kind.)
- research and contribute to the financing of new services and facilities, including rail routes, off-peak services, improved lighting, and provisions for groups with particular needs. (See Oxford and Stevenage with respect to passenger services, and Thurrock with respect to freight.)
- partial funding of concessionary fares for pensioners and other specific groups. (Crawley and Basildon have effective schemes in operation.)
- joint furnishing of capital works including new stations, station refurbishment and freight projects, with a share in the income, where appropriate. (Cambridge, Harlow and Southampton have all provided such joint finance.)
- ensure that rail transport is incorporated into local development plans, through proposals for new stations, the protection of land required for new or expanded stations' freight facilities, transport interchanges, and the modification of bus routes to improve access to rail stations. (See Brighton's transport plan as an example.)
- help market local rail services by providing easy to read information, route maps with fare information, advertising of service changes, clear signposting of stations, supply of contour maps. (The South York PTA provides a model in this respect, as does Hampshire County Council's initiatives for the Blackwater Valley.)

All the above have been undertaken by one or more local authorities and/or by the Passenger Transport Authorities. They have proved valuable not only for the service provided, but as part of a broader traffic strategy to encourage the use of rail.

38. What will be required is the allocation of staff time and a small initial budget. We believe every local authority should do this, and take regular items on British Rail at their Transport Committees. In addition we propose that SEEDS seeks to appoint a rail specialist. It should contribute £3,000 from its general funds and seek contributions from the Department of Transport, Network South East, SERPLAN, and adjacent County Councils to make up the £17,000 of estimated costs. Such an officer should be based at one of the SEEDS authorities, but aim to service all the authorities as well as any counties contributing to the scheme. S/he would act as a promotor of local authority initiatives with respect to British Rail, co-ordinator of existing or to be appointed officers working on British Rail, and organiser of an annual regional forum on British Rail in the South East to carry forward the issues raised in this report. This would be one step along a much longer road.

But it is a road which will at some point have to be travelled if the rail network in the South East is to operate at its full potential to cope with so rapidly an expanding demand and to meet the need for a service that improves along with growth rather than running inversely to it.

SUMMARY OF RECOMMENDATIONS

National

1. The tax relief on company cars should be abolished.
2. Machinery should be established for an integration at the Whitehall level of transport policy, employment, and land use and environmental planning. This should improve mechanisms to ensure consistency between transport policy, British Rail, and regional strategic guidance for the South East.
3. Transport investments should be justified in terms of general strategic ends and not the marginal impacts on existing patterns of demand.
4. The Government should ensure that public expenditure on road and rail, both investment and revenue support, are assessed on the same basis and that rail investment and government revenue support for British Rail are not restricted by purely financially determined guidelines.
5. The assessment of investments in rail and road should include an assessment of the social costs (particularly of road expansion), and of social benefits. The benefits of rail investment will include savings on congestion and other environmental and health costs incurred in road transport.
6. The pricing system of British Rail should take account of the social benefits of shifting traffic from road to rail - both of passengers and freight - and from this point of view any loss should be treated as if it were an investment.
7. Road taxation and pricing systems should ensure that road users pay the full direct and indirect costs of road use and investment.
8. Investment decisions by British Rail should use a 7% discount rate on the flow of social costs and benefits, not on the purely financial ones.
9. The Government should develop a national freight strategy with a view to switching 20% of freight from road to rail by the year 2,000.
10. The Government should end the law which prevents British Rail from running a door-to-door delivery service on freight.
11. British Rail should be required to draw up, as part of the national freight strategy, a detailed plan for transport interchange centres, a programme to develop the necessary technology for effective freight interchange, and an investment programme to finance such a strategy.
12. Both the Government and British Rail should ensure that effective freight interchange facilities are introduced as part of the Channel Tunnel development.
13. The Government, through the Monopoly and Mergers Commission in the first instance, should conduct a three-yearly performance audit of Network South East operations, expanding the targets to include train scheduling, particularly off-peak schedules and journey times, services and facilities designed to meet the needs of particular user groups, equal opportunity and health and safety targets, as well as assessments of long-term fare movement and levels of revenue support, in the context of a policy of shifting traffic from road to rail.
14. British Rail should treble the resources devoted to equal opportunities within its own workforce by 1990.

15. A Public Management Commission should be established to review the managerial structure of British Rail, including means of decentralising responsibilities for operations and innovation.

16. The Government should request British Rail to upgrade the London to Channel Tunnel rail links to minimise the expansionary effects of the Tunnel on the Kent road network.

17. The Government should retain and make more accessible the Section 8 capital grant scheme to assist rail freight.

18. The Government should establish elected sub-regional Passenger Transport authorities in the South East region in order to integrate the planning and operation of an integrated public transport system.

19. British Rail should be required by law to consult local users on proposed service charges.

20. The Government should not proceed with any plans to privatise British Rail or any of its component parts.

21. The Government should establish a fund, financed by increased revenue from road users, to which local authorities could apply to improve local rail services jointly with BR. Local authorities should be given powers to finance this from local taxes, including local transport tax as occurs in Europe.

Local

Where they are not already doing so, local authorities should consider whether to undertake the following:

1. Monitor local rail services to ensure they meet published schedules and other agreed regional and local targets. Councils should involve local user and community groups in this work, with the provision of modest grant finance where appropriate.
2. Establish a Public Transport Liaison Group, involving local user and community organisations, trade unions, British Rail and road transport organisations.
3. Through regular meetings with British Rail, ensure that British Rail receive early views on proposed alterations to existing services, including changed staffing levels at stations, as well as putting forward alternative proposals.
4. Establish a three year rolling plan in conjunction with British Rail, as a framework for considering council funding for capital and revenue projects, including: service subsidies, new routes, additional concessionary fares and new facilities at stations, as well as equal opportunity pilot schemes within the local area of British Rail.
5. Prepare a public transport service map including details of transport interchange facilities and accessibility for people with disabilities or elderly frail people.
6. Include plans for local rail services in all local plans, as well as potential uses for British Rail sites which accord with the aim of expanding rail usage.
7. Publicise, through the Council's employment officers, the Section 8 grant scheme for rail freight, and support any local application, subject to its consistency with other Council policies.
8. Discuss with British Rail schemes for improving rail accessibility for people with disabilities, covering such matters as toilets, ramps, lifts, textured surfaces, induction loops, and readily available wheel chair facilities.
9. Undertake studies of the travel needs of particular groups, including women, school children, and the elderly.
10. Consider joint ticketing schemes with local bus transport, and the possibility of including reduced rail travel as part of a Town Card scheme.
11. Use the local authority's own newspaper to publicise changes to rail services, and publicise the Council's contribution to rail services, including the concessionary fares schemes.
12. Assign or appoint a specialist railways officer with the Council to pursue the above.

SEEDS

SEEDS should:

1. Discuss with SERPLAN and other interested parties the possibility of developing a freight plan for the South East.
2. Approach Network South East with a view to establishing in one of its member authorities a pilot project designed to link local capacity for planning, monitoring and customised innovation to the operations of British Rail.
3. Consult with the Department of Transport, Network South East, and SERPLAN, and adjacent County Councils with a view to appointing a British Rail officer for the SEEDS authorities and those counties wishing to contribute. Such an officer would be located in one of the SEEDS member councils, and would have responsibilities as set out in the text.