



## Japan Local Government Centre, London

### Monthly Report for November 2011 – Light Rail Transit in the UK

#### *Light Rail Review*

Light rail has a future in the UK if capital costs can be reduced, the Department for Transport has concluded following a review looking at how trams can be more cost effective in the future. Despite tram passenger numbers being at record levels, high building costs have meant that even where passenger forecasts may justify its consideration, light rail has often not been seen as an affordable option for local transport authorities in the UK.

Recommendations from the review for local authorities and industry include:

- to implement a new project design of light rail systems which is uniform across the industry;
- to look at lower cost schemes overseas to see whether they could be adopted in this country; and
- to set up a 'centre of procurement excellence' to advise on the best procurement options.

UK Local Transport Minister Norman Baker said: *"Light rail is good for passengers, good for local economics, good for the local environment and it's a mode of public transport that passengers really enjoy using – that is why I'm committed to doing everything we can to bring costs down to make it a viable option for more communities. In the past light rail systems have been seen as expensive and an unaffordable option for local authorities to pursue – I initiated this review so we can get to the nub of the problem."*

Review findings show that light rail has the potential to provide high capacity transport into and around major conurbations which reduces congestion, supports growth and improves regeneration opportunities. The report found that one of the main reasons for high construction costs is the need to divert and locate utilities which lie under the road where the tram is to be built e.g. water and gas main pipes. The Department for Transport will now launch a consultation to seek views on how this system can be simplified and ultimately how costs can be reduced.

The terms of reference for this review were:

- what are the key cost drivers for light rail?; and
- what steps could be taken to help make this mode more cost effective in the future?

In the latest light rail and tram statistics published in August 2011, passenger journeys in England for light rail and tram systems have shown to have increased by 5.5 per cent between 2009/10 and

2010/11 with 196.5 million passenger journeys in 2010/11. This represents the highest number of passenger journeys to date.

The review considered evidence from the various inquiries that have taken place previously. This includes findings from the reports published by the National Audit Office, the Transport Select Committee and the All Party Parliamentary Light Rail Group. Further evidence was also provided by other organisations such as UKTram and scheme promoters, as well as research on costs of major infrastructure projects undertaken overseas.

Under the Labour government (1997-2010) both the Merseytram (Liverpool) and Leeds Supertram were cancelled by the Department for Transport ahead of construction owing to projected cost over-runs, despite ministers' public enthusiasm. In spite of light rail's benefits in reducing traffic congestion and carbon emissions, local authorities are currently unable to borrow to finance such schemes, although the introduction of Tax Increment Financing (TIF) could enable this in future.

#### *Edinburgh: a cautionary tale?*

The Edinburgh Trams is a planned 13km line from Edinburgh Airport to the city centre. Having begun construction in 2008, the first test run is planned for December 2011 along 1km of the route. Scottish Parliamentary approval for the scheme was given in 2006, based on cost projections of £498m. The 2007 Scottish National Party manifesto pledge to cancel the scheme was later defeated in the Scottish Parliament but costs spiralled to £770m in 2011, leading the cancellation of the line to Edinburgh docks and scaling back of the project to just the city centre following a vote of the city council (which also debated scrapping the project altogether). The project has also seen a number of disputes between the city council and private sector contractors, leading to it taking the project back in-house to lower costs.

#### Appendix – UK light rail operators

Half of the eight light rail schemes in the UK (all in England) are operated by or on behalf of Passenger Transport Executives (PTEs). The UK has only two underground/subway systems, in London and Glasgow. Of the PTEs, West Yorkshire (Leeds area) and Merseyside (Liverpool) currently have no light rail systems (both have unsuccessfully tried to finance them).

PTEs were created in six metropolitan areas of England under the 1968 Transport Act, but were later abolished by the 1972 Local Government Act and their functions transferred to the six Metropolitan County Councils. Following the abolition of the Metropolitan County Councils under the 1985 Local Government Act, they were recreated in the six areas. PTEs are arms-length executive bodies governed by Integrated Transport Authorities (ITAs since 2008, previously Passenger Transport Authorities) consisting of councillors appointed by local authorities in each area and funded by a levy negotiated with each one. The PTEs are represented nationally by the Passenger Transport Executive Group (Pteg), which also includes Transport for London (as operator of the Croydon Tramlink and Docklands Light Railway).

<b>Name</b>	<b>Operator</b>	<b>PTE</b>	<b>Opened</b>	<b>Line length</b>
Blackpool tramway	Blackpool Transport Services (council owned)	None	1885	17.7km
Croydon Tramlink	Transport for London/London Tramlink	None	2000	28km
Docklands Light Railway	Transport for London/Serco (concession)	None	1987	34km
Manchester Metrolink	Transport for Greater Manchester	Greater Manchester	1992	37km
Midland Metro	Travel Midland Metro (National Express)	West Midlands	1999	20.2km
Nottingham Express Transit	Nottingham Tram Consortium (PPP)	None	2004	14km
Sheffield Supertram	Stagecoach Sheffield	South Yorks	1994	29km
Tyne and Wear Metro	DB Regio	Tyne and Wear	1980	77.7km