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VIEWS & COMMENT

Guest Opinion

David Pugh is a rail campaigner on the Isle of Wight

End of the line for rail services on the Isle of Wight?

Stories about rail closures are rare these days, but official plans for the next South Western franchise have aroused fears on the Isle of Wight that the ghost of Dr Beeching could be hovering over the island's only National Rail line. **David Pugh** is on the steering committee of KILF – the Keep Island Line in the Franchise campaign – and a former leader of Isle of Wight Council. He argues that DfT proposals to make Island Line 'self sustainable' are unfair – and unachievable.

Above: The line depends on ex-London Underground stock which is past its best (Phil Marsh)

Left: The Blackpool constituency of new rail minister Paul Maynard is served by the Northern franchise, which receives a multi-million pound annual subsidy from the taxpayer

BETWEEN 1900 and 1956, over 88km of railway track criss-crossed the Isle of Wight, in one of the most intensive networks nationwide. Closures began in the 1950s, and by the time Beeching had wielded his axe after 1963, all that was left on the Island was the first line introduced in 1864: a single route from the port town of Ryde to the south eastern resort of Shanklin, stretching just 13.5km.

The Island Line – which connects with Portsmouth Harbour using ferries with through ticketing – has until now survived the commercial realities of privatisation, despite being one of many individual branch lines across the country which do not break even.

After an initial stand-alone franchise (run by Stagecoach) between 1996 and 2007, it was then incorporated into the wider South Western franchise (also run by Stagecoach) until the present day.

Although South Western is the most profitable in the country (even when factoring in a proportion of the government-funded Network Grant), the Department for Transport has now signalled its intention to see Island Line become a separate, self-sustaining business. This objective is set out in the recently published Invitation To Tender for the South Western franchise.

This proposal has many critics, not least from our organisation – the aptly-named Keep Island Line in the Franchise Campaign – and also the Isle of Wight Council, who have made clear their concern about the DfT's proposal.

Quite simply, we have seen no rational case that explains how Island Line could prosper outside the wider franchise as a self-sustaining business. The Government claims that the service generates annual revenues of £1 million and costs £4 million to operate – which would be a significant gap to close.

While we do not dispute that Island Line (like many others) operates at a loss, that is the reality of a comprehensive rail network where busier commuter routes effectively underwrite the feeder services.

So what is driving the DfT's proposal? Well, Island Line is clearly in need of modernisation. It runs on ex-London Underground 1938 stock which is past its best. And uniquely, the service is subject to a lease agreement between Network Rail and the franchisee, meaning that the latter has significant responsibility for maintenance and signalling services which elsewhere sits with Network Rail. This all adds to the purported operating costs, not least as Network Rail recover costs incurred in maintenance through a lease charge – and these charges are currently ratcheting up (now over £2 million a year) so they can be recovered by the end of the 25-year lease in 2019.

The DfT clearly sees the opportunity, when the lease ends in three years' time, to take an alternative approach to Island Line – and in doing so possibly increase the premium payment it receives for the South Western franchise as a whole. There is no doubt that Island Line's inclusion in the franchise area effectively reduces the return to the Treasury, yet it is difficult to see how an arrangement for Island Line outside this (such as through a micro-franchise) could reduce the burden to the taxpayer. In fact, nothing has been produced to show how this could be achieved.

We take quite a simple view: running Island Line as part of a wider franchise offers economies of scale which would be impossible to achieve otherwise. To maintain current service levels in a standalone arrangement would undoubtedly be at a greater public cost, unless key elements around safety and staffing were drastically reduced. And whatever the actual operating cost for Island Line is, such sums are still very small beer in the wider turnover of the franchise – and indeed compared to the scale of infrastructure projects (such as HS2) to which the DfT is committed elsewhere.

Nevertheless, the DfT has reaffirmed its intention to see Island Line levered out of the wider franchise, and the likely timescale for this is 2019 when the current lease arrangements end. Even though the two bidders for the franchise (Stagecoach and FirstGroup) have been advised that they have the flexibility to put forward proposals that go beyond the base specification – "where it where it can be demonstrated that such proposals would provide passenger benefits in a way that is affordable and delivers value for money" – it is highly unlikely that they would take such a discretionary step in relation to Island Line.

Instead they have been asked to work with the Isle of Wight Council to secure a long-term solution for the future of the Island Line during the next franchise that will enable it to become a self-sustaining business, despite the local authority making clear its reluctance to be involved in any such arrangements.

Alternative ideas, such as trams, have been put forward in a council-commissioned report, but the start-up costs of this would undoubtedly be prohibitively costly, and there is no sign that the DfT is willing to hand over the millions that would be needed to get this off the ground. And the years of disruption this would cause would be immense. It would be far more sensible to incentivise the two bidders to come up with a cost effective long-term solution within the wider franchise model – after all, they are the experts.

> **"Running Island Line as part of a wider franchise offers economies of scale which would be impossible to achieve otherwise"**

So where do we go from here? Despite our campaign, the options are now limited – and the future is bleak for Island Line. If the self-sustaining model is implemented, we believe it will lead to a depletion of the service, and its likely eventual closure.

When British Railways first threatened to close parts of the Island's rail network in 1951, the council of the day hired a QC to put its case and successfully staved off some of the closures for more than 15 years. There is no sign that the current local authority is prepared to do that, and our campaign group is certainly not in a position to do so.

Therefore, our only hope is in persuading the DfT to see the error of its ways. The current proposals were advocated by the now-resigned rail minister Claire Perry, who promoted them in an article for the Isle of Wight County Press last year. Yet we now have a new rail minister in Blackpool MP, Paul Maynard, alongside a new secretary of state.

Our efforts are now focused on persuading the DfT, under its new stewardship, to drop these economically illiterate proposals for Island Line. One of our key lines of argument is that the Blackpool constituency of the new rail minister is served by the Northern franchise, which receives a multi-million pound annual subsidy from the taxpayer. In a contract which began in April, Arriva Rail North provides a range of rail services within this subsidised franchise, none of which are required to be self-sustaining – as is currently being proposed for Island Line. All we are asking is that the Isle of Wight is treated equitably with all other parts of the country, including the rail minister's own constituency.

We look forward to our dialogue with Paul Maynard. The future of Island Line lies in his hands.

Our opinion page provides a platform to debate the issues and challenges the rail industry faces. We welcome your comments and feedback.