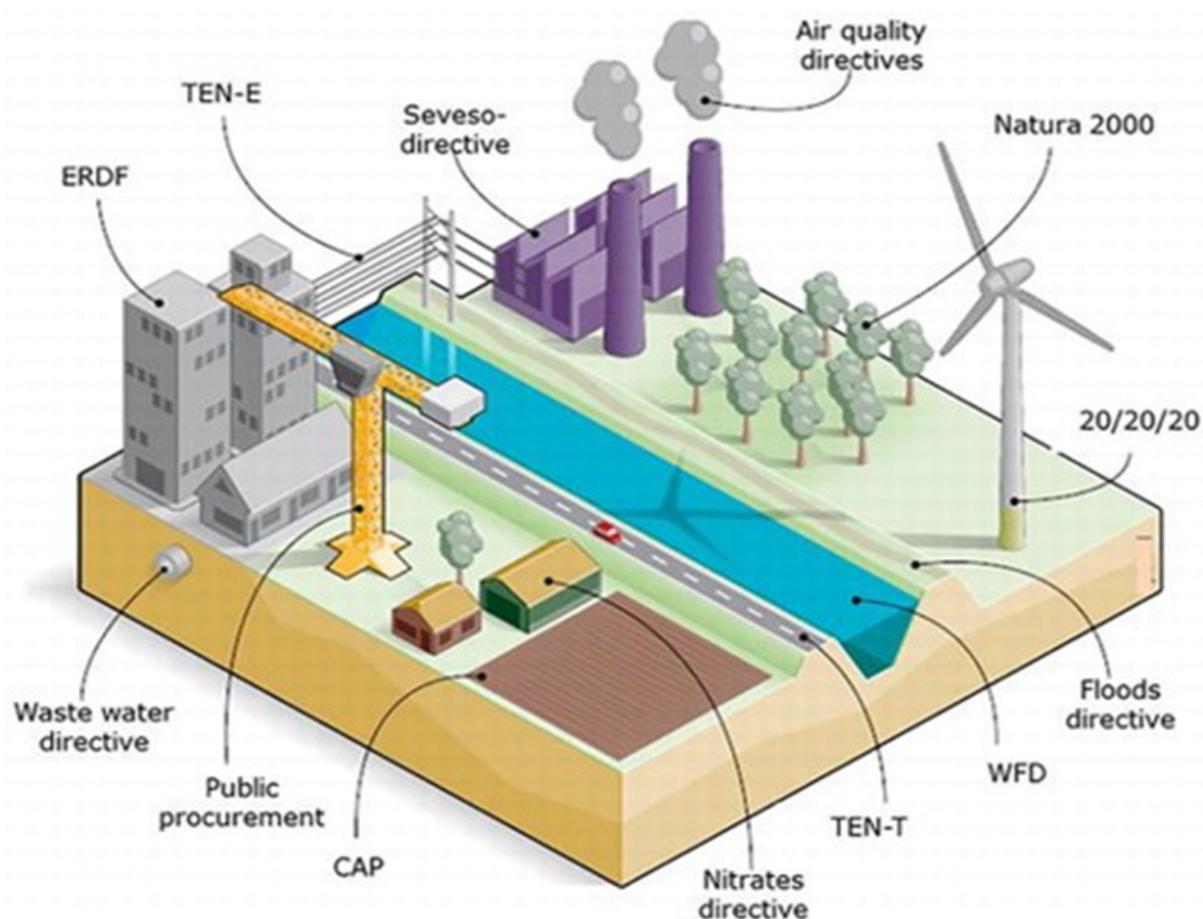


The Transport Economist

The Journal of the Transport Economists' Group



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TEG Committee 2017-2018

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Brexit: implications for transport in the UK

Professor Janice Morphet

Arup

27 September 2017

Introduction and overview

Professor Morphet began by outlining that her talk would seek to address the following issues:

- How does the EU currently shape and influence UK transport policy and delivery?
- Will any aspects of transport policy stay the same after Brexit?
- What will be lost following Brexit?
- What will the UK forgo outside the EU?
- What options might be available?

In her view, the UK's relationship with the EU was hidden to most people, it was somehow "over there". In general the UK population had no mental shape of what the relationship is and how it works. In reality, the UK has been a big influencer of policy within the EU and (with the exception of some aspects of air transport policy) almost every aspect of UK transport policy is pooled with the EU.

Projects

To illustrate the range and diversity of projects within the UK delivered within the policy framework provided by the EU, the speaker listed those partly funded under the 1996 Trans-European Networks Regulation (TEN-T). The purpose of this Regulation was mainly to improve East-West communications for the benefit of the so-called accession states, but the UK has also been a major beneficiary.

Between 2003 and 2011 the EU also part-funded projects involving those in Table 1.

Table 1: UK projects part-funded by the EU

Kings Cross St Pancras	Western Isles	CTRL
A120 Stansted to Braintree	Airspace management	Manchester Airport
Upgrading A1	A1 in Northern Ireland	Glasgow airport
A14	M6 Carlisle	Thames Estuary dredge
NW England electrification	Port Salford	Southampton to West Coast Main Line

Since 2013, when there was a new Regulation, the focus of the EU has been more towards improving north-south links.

Table 2: UK project for which funding sought since 2015

Aberdeen Harbour	Belfast multimodal hub	Crossrail West Coast Main Line Link
Teesport	Immingham to Gothenburg	Felixstowe Harwich channel deepening
TransPennine Electrification		

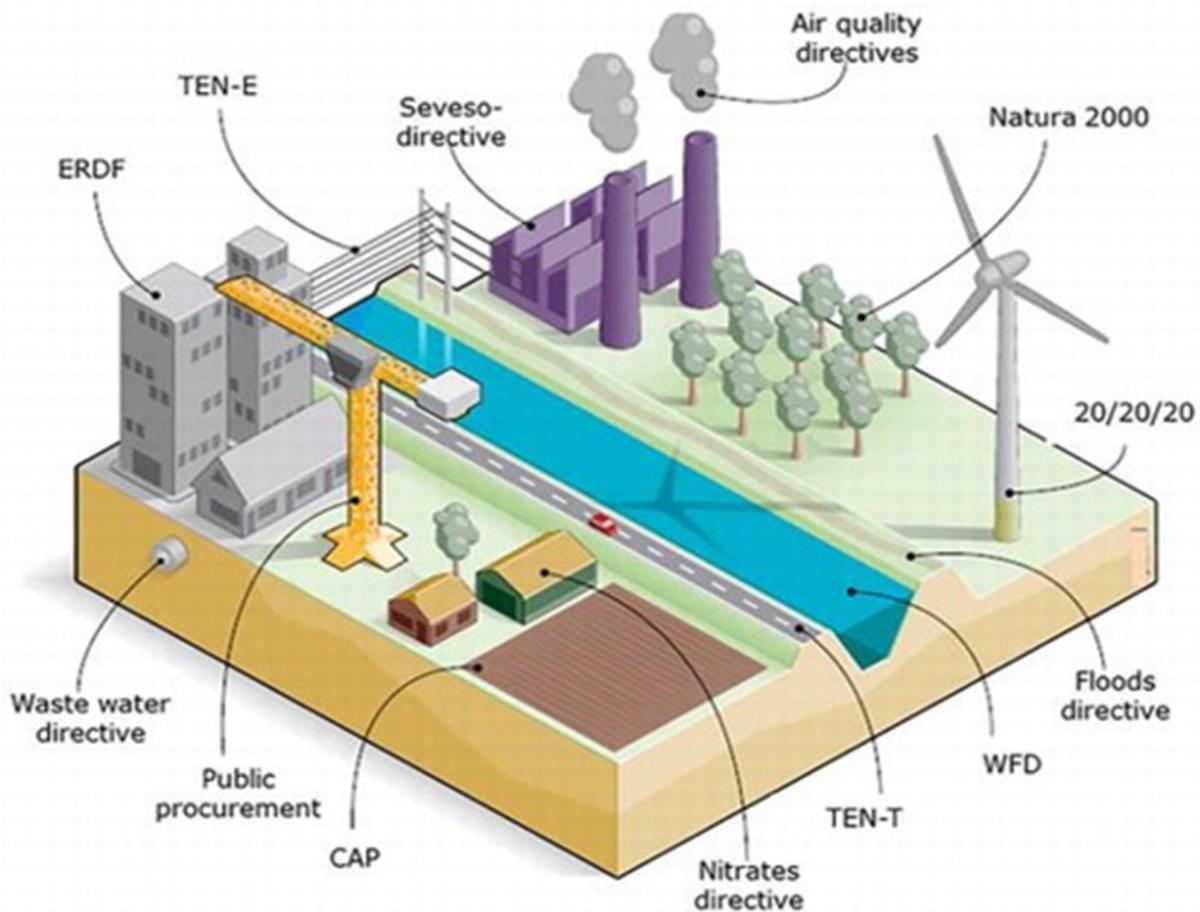
The EU legislative framework for these is different and there must now be serious questions about whether these projects will happen.

Policies and practices

Figure 1, prepared for the Dutch Government, illustrates, in a hypothetical context the presence of EU policies relevant to planning and policy-making.

Given this depth of involvement, the speaker believed that some government departments were adopting a risk-minimisation strategy with regard to Brexit, an approach she considered very reasonable.

Figure 1: where EU policies may be relevant to planning



Source: Evers and Tenneke 2016

The UK has pooled its policies with the EU in a wide range of areas. Some of these relate directly to transport, but many others have an impact on transport planning and provision. Professor Morphet used the list in Table 3 to emphasise her point.

Table 3: policies pooled with the EU that relate to transport

Transport – all modes and scales	Energy	Water
Air	Habitats	Waste
Ports	Rural/agriculture	Public health
Culture/heritage	Regeneration policy	Research and Development (R&D)
Higher education	Telecommunications	Housing

The foundations of the EU are a set of International Treaties. In UK law, international treaties form a set of superior obligations, placing a binding commitment on future governments. UK governments cannot legislate in contravention of international treaties without falling foul of the international courts. Hence, Brexit will present a problem for the UK judiciary concerning past and future obligations.

A number of EU treaties, policies and practices have led to changes in UK transport policy and delivery. For example:

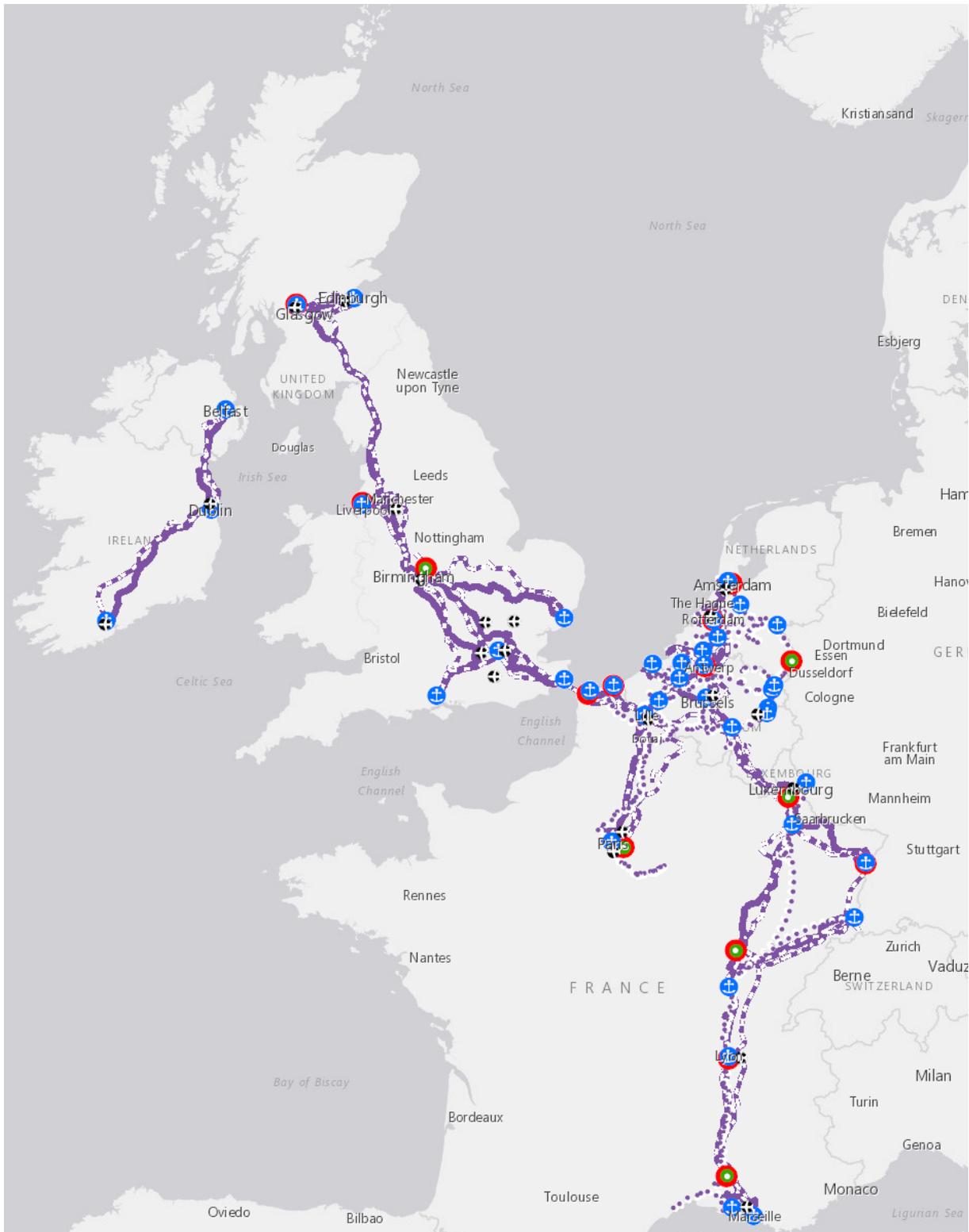
- The treaty principle of fairness has driven EU policy regarding structural funds and redistribution. This has been delivered in the UK through adoption of the Barnett Formula, Local Enterprise Partnerships (LEPs), Sustainable Urban Mobility Plans (SUMP), R&D, and rural policies.
- The treaty principle of subsidiarity has influenced EU policy on devolution, and in the UK underpins the arrangements in Scotland, Wales and Northern Ireland, and for the Combined Authorities in England. Withdrawing from the EU Treaties means that UK devolution is no longer “in perpetuity”, and any devolution arrangement subject only to UK law lasts only as long as the length of a Parliament.

Trans-European Networks (TENs)

The Trans-European Networks illustrate how EU policy affects the UK. They are based on a concept of “corridors” developed by UK Prime Minister John Major in 1992 as part of a policy directed towards integrating the former eastern European “accession states”. The TENs corridors were implemented in the EU in 1996 and refreshed in 2013. Each corridor must have three fixed modes to be eligible for inclusion as part of the TENs. The EU focus is on “missing links” and “bottlenecks” as part of route improvement. Inclusion of routes in the EU Regulation meant that no UK Parliamentary approval in principle for the projects was required: UK government scrutiny was restricted only to aspects of the detailed delivery. The principles for definition of each corridor are set by the European Council, comprising the political leaders of each member state, supported by their appropriate ministers.

The UK has one Core Network Corridor crossing its territory, the North Sea - Mediterranean Corridor shown in Figure 2.

Figure 2: the TEN-T North Sea - Mediterranean Corridor



Source: European Commission

It covers rail, road, airports, ports, road/rail transfer and the Dutch-Belgian inland waterway systems, plus the River Rhône.

This multimodal TEN-T Core Network, with other Core Network Corridors, is aimed at contributing strongly to European cohesion and strengthening the internal market. Transport is seen as vital to the European economy, and European infrastructure policy is to put in place a powerful transport network across all 28 member states. TENs also form part of the EU Single Market.

Leaving the EU will involve moving from the comprehensive “inquisitorial” approach to transport planning illustrated by TENs, to a more traditional UK piecemeal adversarial approach. Professor Morphet suggested that it was difficult to discuss Brexit without being aware of how membership of the EU had benefited transport policies, provision and practices in the UK.

After Brexit: what stays the same?

Looking ahead, many things will remain the same whether the UK has a hard or a soft Brexit. The UK is party to UN Treaties on the environment and climate change, has agreed to competition state aid and procurement rules as part of its membership of the World Trade Organisation (WTO), and is subject to an agreed policy approach across and through the Organisation for Economic Co-operation and Development (OECD) for city regions and functional economic areas.

In many of these fields, the EU acts as the responsible body, monitoring compliance with the international treaties and obligations. Some UK-specific mechanism will thus be needed to enable firms or organisations to demonstrate compliance in future.

WTO rules mean that the framework for public procurement may not change much after the UK leaves the EU. The UK approach of awarding contracts largely on the basis of price is neither mandated by the present EU rules nor followed by other states, which make much greater use of quality objectives when assessing bids.

After Brexit: what will be lost?

Some transport initiatives which come under the 2013 EU Regulation may be lost:

- HS2, the Northern Rail Hub, Crossrail 2 and London to Swansea rail electrification are all part of the TEN-T Core Network in the UK.
- Planning work by the National Infrastructure Commission (NIC), Northern Powerhouse and Midlands Engine is in the context of their projects forming part of the Core Networks, eligible for funding under the EU's Comprehensive Networks programme to be agreed by 2030 (more likely by 2021 in practice).
- Support for the Sustainable Urban Mobility Plans (SUMP) for Functional Economic Areas (FEAs) and Combined Authorities, for example in Bristol, Nottingham and York, will potentially be lost.

However, Professor Morphet noted that Switzerland, while outside the EU, received large amounts of EU help towards improvements in transport facilities, because of its strategic position on corridors linking member states. Whether the UK could have similar advantages because of its location between Ireland and the continent was an open question.

The SUMP concept is at risk. In the UK it has led to a requirement for each Local Authority to draw up relevant plans: as part of the creation of a new comprehensive network to be adopted by 2030, route improvements Cambridge – Milton Keynes – Oxford (CAMKOX: which is proposed by the NIC to be classed as a Corridor); and the Strategic Development Corridors identified by Transport for the North in June 2017.

(More details about SUMP can be found on the Eltis website at:

- <http://www.eltis.org/mobility-plans/sump-concept>
- <http://www.eltis.org/mobility-plans/member-state/united-kingdom>)

Further potential losses in other fields relate to:

- university funding for students, staff, R&D, and as part of the Horizon 2020 programme;

- rural land management subsidies and incentives and rural flood management;
- arrangements for professional recognition internationally; and
- European Structural and Investment Funds (ESIF) and Local Enterprise Partnerships (LEP)/Combined Authority funding for transport, regeneration, environment and innovation.

The UK Government has indicated that it might attempt to buy back access in some of these areas.

Options and implications

Three potential options for the UK's future relationship with the EU had been suggested:

- retain membership of the Single Market (the Norway or the EFTA Option);
- negotiate a trade deal similar to Canada; or
- free trade on the basis of WTO agreements.

The major effects of each of these options are summarised in Table 4.

For the Norway/EFTA option, the European Free Trade Association (EFTA) member countries were not entirely happy for the UK to join, although opinion within the Association has changed more recently. The EFTA Court could provide a replacement for the European Court of Justice (ECJ) as a means of settling disputes and ensuring compliance with trade obligations. The UK would be required to make a similar contribution to the EU for market access, but would have very little influence on EU decision-making.

For the Canada and WTO options, it should be remembered that much of UK trade is in services rather than goods. Also, WTO agreements cover quotas as well as tariffs, and all 165 WTO members would have to agree to the UK having a bespoke treaty with the EU.

Table 1: effects of EFTA, Canada and WTO Brexit options

	EFTA	Canada	WTO
Staying the same			
Regulation	✓	✓	
Free movement of workers	✓		
Competition (WTO)	✓	✓	✓
Cities (OECD)	✓	✓	✓
Pressure on housing, infrastructure, planning (OECD, IMF)	✓	✓	✓
Focus on manufacturing		✓	
Removed			
Cohesion funds	✗	✗	✗
Major TEN-T schemes including Crossrail, HS2, A14, Northern rail hub	✗	✗	✗
Urban transport schemes	✗	✗	✗
EIB funding for housing, health, infrastructure	✗	✗	✗
Energy grid	✗	✗	✗
Focus on Cities	✗	✗	✗
Possible			
Trade in services (property, investment, financial services, mutual recognition): this would be the first such deal		?	?

Risks for transport

Among the risks are:

- financial uncertainty through risk to property investment;
- higher cost of capital finance;
- less access to capital finance;
- loss of the role of London;
- less labour leading to wage inflation;
- less taxation income to fund health and pensions; and
- pressure on already difficult government funding.

Other central features of EU policy would also be at risk. As a result of the Lisbon Treaty, the EU is about to introduce a spatial planning system after 2021. The new European Spatial Development Perspective (ESDP) will embrace all infrastructure investment programmes. The UK would also be at risk of losing out on new mega-regional funding programmes that are adopted across whole of EU, such as Alps, Danube, Baltic and Adriatic, plus the Atlantic, which may be next.

Whitehall policy challenges after Brexit

Strategies and repertoires within government will need to change. There remains a question of who will make future decisions about policies and plans. Development of proactive policy skills will be required. For example:

- Might this mean a return to Royal Commissions, White and Green Papers?
- Is there likely to be a return to an adversarial rather than an inquisitorial planning system for infrastructure projects, since there will be no legislative cover from EU Regulations for governmental decisions?
- In future who will set the agenda, where will policy impetus be generated, and who will be blamed for policy difficulties and failure?

Discussion

Tim Yates (Independent economist and financial analyst) noted the loss of participation in EU planning, but questioned how good this is in practice. **Janice** accepted that it was possible to be critical of some EU plans, but pointed out that the European Commission does not develop plans in isolation. Member governments, including the UK, are closely involved in the process. The only example to date is the TEN-T transport network. Other macro plans for mega-regions, such as the Baltic States or Scandinavia, are all being developed collectively with their governments.

Martin Fleetwood (Shoosmiths) worried that it was easy to get sucked into an excessively negative attitude to Brexit. Much of the EU thinking on transport issues was influenced by the

presence of land borders and was not suited to an island state. **Janice** acknowledged that there could be positive outcomes and opportunities from Brexit. The problem was who in the UK will have the capacity in the medium term to develop them. Facilitating transport, whether across land borders or the English Channel, was vitally important to many industries, such as automotive.

Peter Forbes (Alan Stratford & Associates) had two questions: whether the EU priorities for the TEN-T projects were different from UK transport priorities; and whether the UK was a net contributor or beneficiary in respect of funding for transport projects? **Janice** replied that the UK government does not have a national transport plan, so it is difficult to say whether EU and UK priorities are different. However, the EU priorities were developed with UK government involvement. The UK has benefited from a large number of EU-sponsored projects, and is also one of the larger users of funds from the European Investment Bank and European Strategic Investment Fund.

Tom Worsley (ITS, Leeds) added that projects in the UK were still subject to the standard Treasury cost-benefit analysis before they were authorised to proceed. Thus, all items put forward for inclusion in EU programmes have to be value for money in UK terms.

David Simmonds (David Simmonds Consultancy) asked how EU Territorial Planning would mesh with and add to the existing UK planning framework. **Janice** pointed out that the real issue was not any Territorial Plans emerging from the EU, but the funding which would flow from these plans. From a UK perspective, this represents a new form of planning which is about structural investment with a spatial dimension.

David Spurling (Learning Through Cooperation) wanted to know what is likely to happen to the border between Northern Ireland and the Republic. **Janice** explained that the Common Travel Area agreed between the UK and Irish governments in 1923, subsequent arrangements, and the Good Friday Agreement, effectively mean that the border has to be kept open. The Taoiseach (Irish Prime Minister) has publically stated that his country will not agree to a border in the Irish Sea. This

presents a very difficult problem for the UK government. Janice felt that this could be the issue which derails Brexit.

Robert Barrass noted that the government White Paper appeared to envisage an arrangement similar to Switzerland as the outcome of the Brexit negotiations. What lessons can we learn from Switzerland? **Janice** explained that Switzerland had access to the Single Market but had proposed restricting Free Movement of EU citizens. The EU had emphatically said that any such restrictions were not allowed, and the Swiss had to withdraw the proposal. The UK could operate Free Movement in a more restrictive manner, as has been applied in other countries, but for some reason the UK has chosen not to do so.

Ed Thompson (Atkins) wanted to know what possibilities there were for future trade deals with countries outside the EU. **Janice** pointed out that the EU already has more bilateral trade deals with other countries than the UK was likely to achieve on its own. Bilateral trade deals were not necessary for countries to trade, as with the involvement of a Chinese company (MTR) in the new South West Railway franchise. People should to be more realistic about the trade prospects for the UK.

(Post meeting note: details of EU trade deals can be found at <http://ec.europa.eu/trade/policy/countries-and-regions/>.)

A questioner from Arup asked who within the UK would be responsible for the competencies at present administered by the EU. **Janice** explained that, under the present proposals, all the competencies return to the UK central government. The view of the Cabinet Office and HM Treasury is that they will then determine who is allowed to administer them. There is therefore disagreement with the devolved administrations in Scotland, Wales and Northern Ireland over the loss to Whitehall of the competencies they now have under EU rules.

Robin Whittaker wondered about how Customs and Immigration will be handled once we leave the EU. For example, road hauliers no longer had many staff who possessed the skills necessary to handle the likely volume of required documentation. **Janice** reminded the audience that HMRC had already said that they would need an additional 8,000 staff by 2018 to handle the increased documentation. The UK government had suggested introducing some form of

“digital border” between the Republic and Northern Ireland but, in the absence of any detail on how this would work, this idea appears to have been dropped. There will undoubtedly be major cost increases for government and business.

Tim Yates noted that EU agencies currently administer around £1 billion of overseas development assistance on behalf of the UK. There appears to have been no mention of this from the UK government. **Janice** was not aware of this, but pointed out that £1 billion was quite small within total UK-EU monetary flows.

Tom Worsley asked how the UK might become better at policy-making. There appeared to be deficiencies in conveying information to the public, which might have fostered the current backlash against experts. Are other countries better at any of this, and are there lessons we could learn?

Janice felt that some countries, particularly Germany and the Netherlands, invested more effort into their policy-making processes. The central point was to know what you want to achieve as a country. The UK tends to be very short term in its thinking, and central government is characterised by a lack of long term memory. According to the National Audit Office (NAO), local government is the best-run part of the public sector, with a much greater success in delivering public projects than central government. Local government tends to be better at learning lessons.

A questioner recalled that the UK used to have various economic planning bodies, but these days government tended to adopt a more laissez faire approach. **Janice** agreed that there used to be “Neddies” and so forth. The UK was the only EU country without a National Plan. Compared with the UK, decision-making within the EU was very transparent. Information was available online on who attended what meetings, what was discussed and how people voted.

Report by Gregory Marchant

Concessionary travel – perspectives

Andrew Last, Director, Minnerva Limited

Arup

25 October 2017

Introduction

Andrew opened by explaining that he had been involved professionally in Concessionary Travel since 1973. His talk reflected experience gained over many years, including work for local authorities, the UK devolved administrations, the Department for Transport and bus and rail operators. Having previously spoken to TEG in 2011 and 2013, this talk offered reflections on more than ten years of free bus travel in England for older and disabled people. As someone who was now qualified for a free bus pass himself, he declared a personal interest which he hoped did not influence his analysis.

The presentation used data from a mixture of sources, some published, and some not. Where necessary, the origins of data were anonymised to preserve commercial confidentiality and/or to reduce scope for content to be quoted out of context. All the views and understandings expressed were those of the author alone.

Background: concessionary travel in the UK

Concessionary travel schemes originated many years ago, in a very different world of publicly-owned and regulated bus operators, with many municipalities running their own bus services.

The thinking behind many earlier schemes was to make use of underused off-peak capacity on the services of local (typically municipally-owned) bus operators to offer cheap (or in some cases free) travel to specific target groups as a community benefit. There was a legal framework for any local authority to provide concessionary travel, but no consistency in the discounts offered, the times the concessions were available or which services they covered. Generally, concessions were

limited to residents' own areas, and outside larger towns and cities there were often no concessions at all.

Provisions in the Transport Act 2000 enabled the introduction of statutory free bus travel for older and disabled persons. This happened as follows:

- 2001 in Northern Ireland;
- 2002 in Wales and Scotland; and
- 2006 in England.

Under the 2000 Act:

- Bus operators are obliged to carry eligible passengers (such as those having a concessionary pass) on eligible bus services, at a nil fare.
- Local authorities must reimburse bus operators so that they are financially "no better off, no worse off".

Concessionary travel schemes, and especially the more recent free bus travel arrangements, have generally been entirely political initiatives, with very little prior appraisal or post hoc evaluation. This leaves open the question for transport economists and planners of whether the concession has been a good or a bad thing.

Andrew's analysis and comments in the remainder of the talk related primarily to the situation in England, but there is little evidence that this has been atypical of the UK as a whole.

Consequences of the statutory scheme

The headline impacts of the introduction of free travel in England in 2006 were significant:

- In areas where free travel was not already in place, the first year after the change saw bus journeys by older and disabled people increase by a minimum of 25%, and in some instances by more than 60%.
- Public expenditure on concessionary fares in England as a whole more than doubled between 2004-05 and 2015-16, trebling in English non-metropolitan areas.

- Outside London, concessionary passengers are now 30% of all passengers, and reimbursement payments are nearly 25% of total bus revenues.
- Free travel for older and disabled passengers is now a very large share of both business for the bus industry and local authority spending on public transport support.

However, the nature of the concession is such that the number of free journeys made, the associated reimbursement payments by local authorities, and revenues received by bus operators are not under the direct control of either party. Effectively there has been a shift of payment for bus travel from the passenger to local authorities. This has created significant funding problems for these authorities, especially given the 20% cuts (in cash terms) in their budgets between 2010 and 2015.

The requirement to reimburse operators on a “no better off, no worse off” basis has always been a potentially contentious issue. It requires speculation on three aspects of “the counterfactual”:

- what fare the passenger would have had to pay for the journey if the free concession wasn’t available;
- how many additional journeys are made because of the free fare; and
- what additional costs are incurred by the operator in carrying additional (“generated”) passengers?

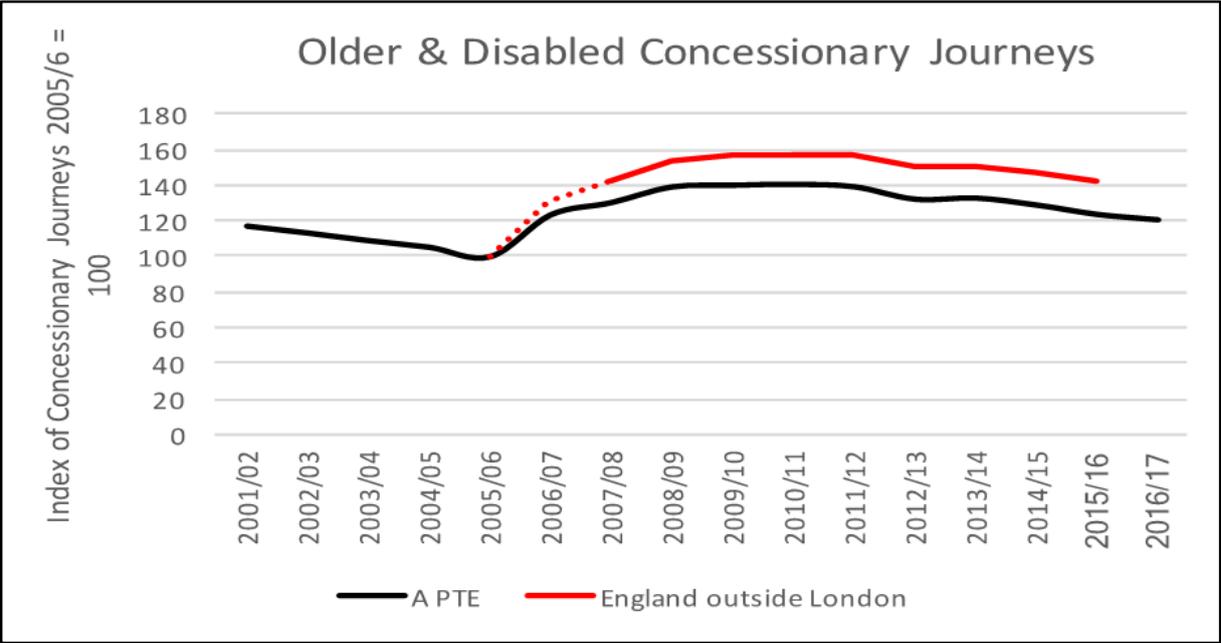
Supplying answers to these questions requires complex modelling of different aspects of the transport system, many of which (such as demand curves and cost structures) will be familiar to transport economists, bus service planners and social scientists. The scale of the expenditure on free travel makes it a significant issue for both operators and funding authorities.

Whatever the policy consequences, the introduction of free travel has created a number of opportunities for transport professionals to examine what happens to a particular market segment when there is a dramatic change in fare levels.

Trends in concessionary journeys

Figure 1 shows the long-term trends in concessionary journeys for a typical PTE. It also shows the equivalent trends for England outside London for those years for which national data is available.

Figure 1: trends in concessionary journeys

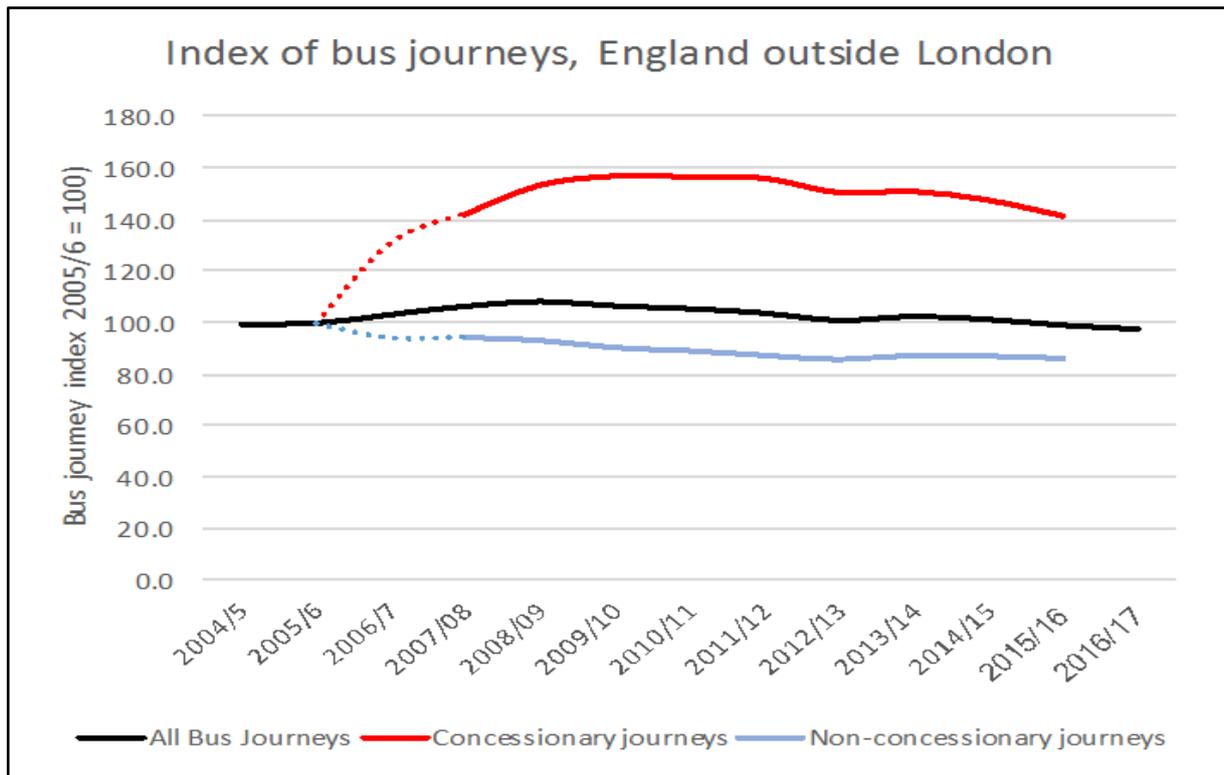


Source: PTE data, DfT BUS0105

Before the introduction of the statutory scheme, bus travel had been in consistent decline over a long period, for a number of reasons. Growth in travel after free travel was introduced peaked in 2010-11. Phasing of this growth, at about 55%, 75%, 95%, 99% and 100% of the five-year impact, provides some useful insights into the short-run and long-run impacts of changes in fares, at least for this socio-economic group. The more recent decline, from 2010-11, is at least partly associated with increases in the minimum age for the older people’s concession.

Figure 2 puts this data into the context of recent trends in all bus journeys. Andrew estimated the concessionary and non-concessionary journeys for 2005-06 and 2006-07 using data for selected PTEs and non-PTE areas, allowing for pre-existing PTE free schemes.

Figure 2: trends in concessionary journeys and all journeys



Source: DfT Bus Statistics (BUS0105, BUS0106a), Report 5 of ITS Research Papers

The changes when free travel was introduced varied widely between areas, but were typically much greater in Shire authorities, where most pre-existing concessionary schemes offered only a half-fare concession, than Metropolitan authorities, where pre-existing concessions were typically more generous.

Inferring elasticities, assessing reimbursement

Elasticities

Devising compensation arrangements for operators requires estimates of demand elasticities to identify how many additional journeys are made because of the free fare. Assessing these elasticities proved to be challenging, and led to much dispute between local authorities and operators.

There were issues with the available concessionary journey data, such as:

- little consistency in journey estimation methods before and after the changes;
- subsequent improvements in quality and altered methodologies, creating difficulties in comparing before-and-after data; and
- changes in administrative responsibilities between authorities.

The availability of smartcard data has now put counts of concessionary journeys on a much firmer footing. However, the nature of the smartcard transaction, compared with previous recording methods, has probably also introduced a significant discontinuity in the data.

Reimbursement

Isolating the impact of the change in the concessionary fare was also challenging, because of:

- the great variation in pre-free scheme arrangements;
- the need to allow for changes in the numbers of passholders;
- the possible transfer to the concession of passengers who previously paid the commercial fare; and
- other confounding factors, such as demographic trends, changing car ownership, and driving license availability.

Many authority/operator disputes arose after the introduction of free fares, leading to many appeals to the Department for Transport (DfT). To try to resolve these issues, DfT sponsored a major study, led by the Institute for Transport Studies (ITS) at the University of Leeds, under the direction of Peter Mackie, and also involving Phil Goodwin and Andrew.

The study reported in 2010, and is documented in a series of research reports available on the DfT website, listed in Table 1.

These documents provide a potentially valuable resource for transport economists and planners.

Table 1: reports on reimbursement of concessionary fares

Report	Content
Main	
1	Economic Principles
2	Issues Relating to Average Fare (drawing on smartcard data)
3	Analysis of Concessionary Passholder Data from Lancashire and Nottingham
4	Shape of the Demand Curve (which has to fit the zero fare point)
5	Elasticity Estimates from PTE and MCL Datasets
6	Analysis of the National Travel Survey Data
7	Survey Report
8	Whole market demand elasticity variation
9	Costs

Source: Department for Transport (follow [DfT home](#) > Publications > Research into reimbursement of concessionary fares)

Among other things, the ITS work examined alternative demand model forms and concluded that, for reimbursement purposes, a damped exponential demand model was the most appropriate. This model was used to assess elasticities (or more precisely, demand model parameters), which were calibrated using data from 4 PTEs and 7 English counties selected to minimise the difficulties outlined above.

The nature of the model was:

$$D = k \text{ Exp}(\beta P^\lambda)$$

where:

- D = number of concessionary journeys;
- P = average fare forgone in 2005-06 prices; and
- β and λ are parameters that, jointly with P, determine the point elasticity.

The research concluded that the best estimates of parameter values, and the implied point value of the fare elasticity, are as shown in Table 2.

Table 2: best estimates of parameter values and elasticity

Parameter	PTE	non-PTE
β	0.7232	0.6406
λ (relative to average fares in 2005-06)	-0.6687	-0.8357
Point elasticity at £1 fare (2005-06 prices)	-0.5140	-0.6703

Source: DfT Reimbursement Calculator V3.5, worksheet "RF Workings"

Note that, with this model form, the elasticity is not constant but depends upon the fare. This was an important consideration when seeking to make comparisons between elasticity estimates based on different model forms and (in the wider literature) often measured at unspecified fare levels.

The elasticity values derived from the model are higher than those generally accepted at the time of the report, although it is not clear to what extent they would apply to market segments other than concessionary passholders.

Reimbursement payments are largely driven by the observed number of journeys, but it is difficult to calculate the "payment per journey", which leads to the "bottom line" amount of money that must be paid by the authority to the operator. The study informed Guidance on concessionary travel reimbursement, prepared by DfT, and the development of a Reimbursement Calculator spreadsheet implementing the recommended methodology. Travel concession authorities are recommended to follow DfT's guidance, which will be used to guide the Secretary of State in determining appeals. However, in Andrew's view some aspects of the Calculator are not entirely consistent with "no better off, no worse off" principles.

Nonetheless, availability of the Reimbursement Calculator has considerably reduced areas for disagreement, and with its potential role in determining appeals significantly reduced the number of disputes between authorities and operators which

result in an appeal to DfT. Key components of the Reimbursement Calculator are:

- estimating the average fare forgone, the average fare that would have been paid by passholders in the absence of the concession;
- estimating the Reimbursement Factor, the proportion of observed concessionary journeys that would have been made if passholders had to pay the average fare forgone; and
- assessing additional costs, the additional operating costs that the operator has incurred to accommodate “generated” concessionary passengers.

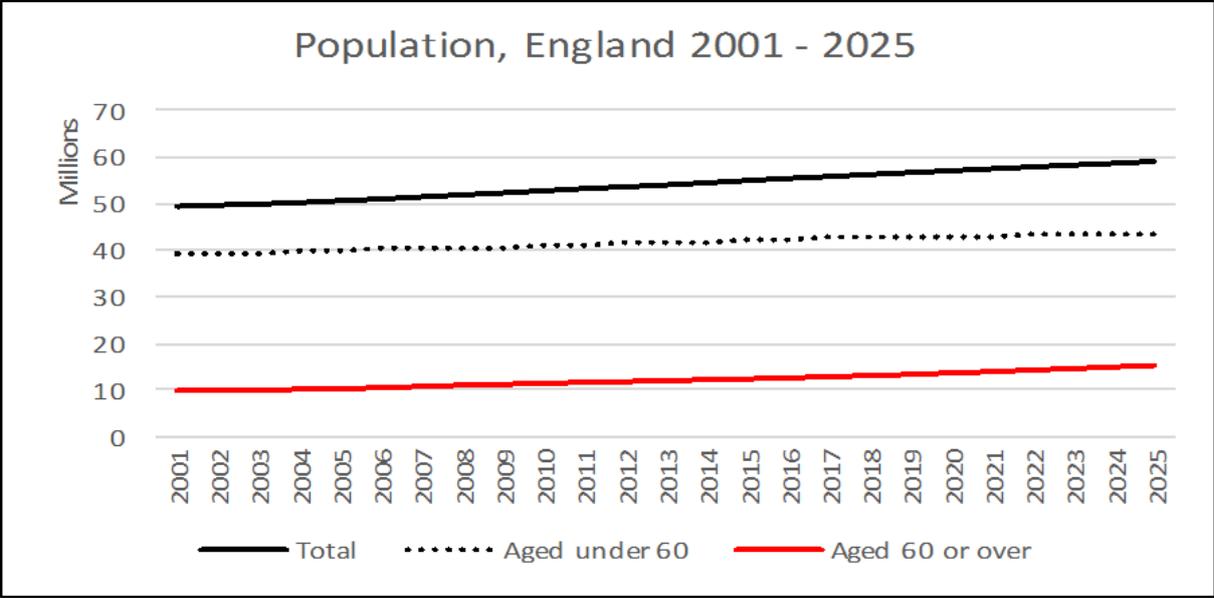
All these factors have some relevance to transport planning and economics outside the world of concessionary travel reimbursement.

The implications of demographics

As noted above, reimbursement payments are largely driven by concessionary journey numbers which in turn are strongly influenced by underlying demographic trends. Thus, among other concerns about the overall adequacy of central government funding for concessionary travel, a major worry has been the so-called “demographic time bomb”.

Figure 3 shows how growth in the total population of England between 2001 and 2025 is expected to be modest at 0.6% per annum, and only 0.3% per annum for those aged under 60. However, growth in those aged over 60 is expected to average 1.6% per annum, or 45% over a twenty-five year period.

Figure 3: the forecast growth in numbers of over-60s



Source: ONS mid-2016 detailed population time series and 2014-based SNPP population projections.

These long-term demographic trends were a major factor in the Government decision to start increasing the age of eligibility for the older concession from April 2010.

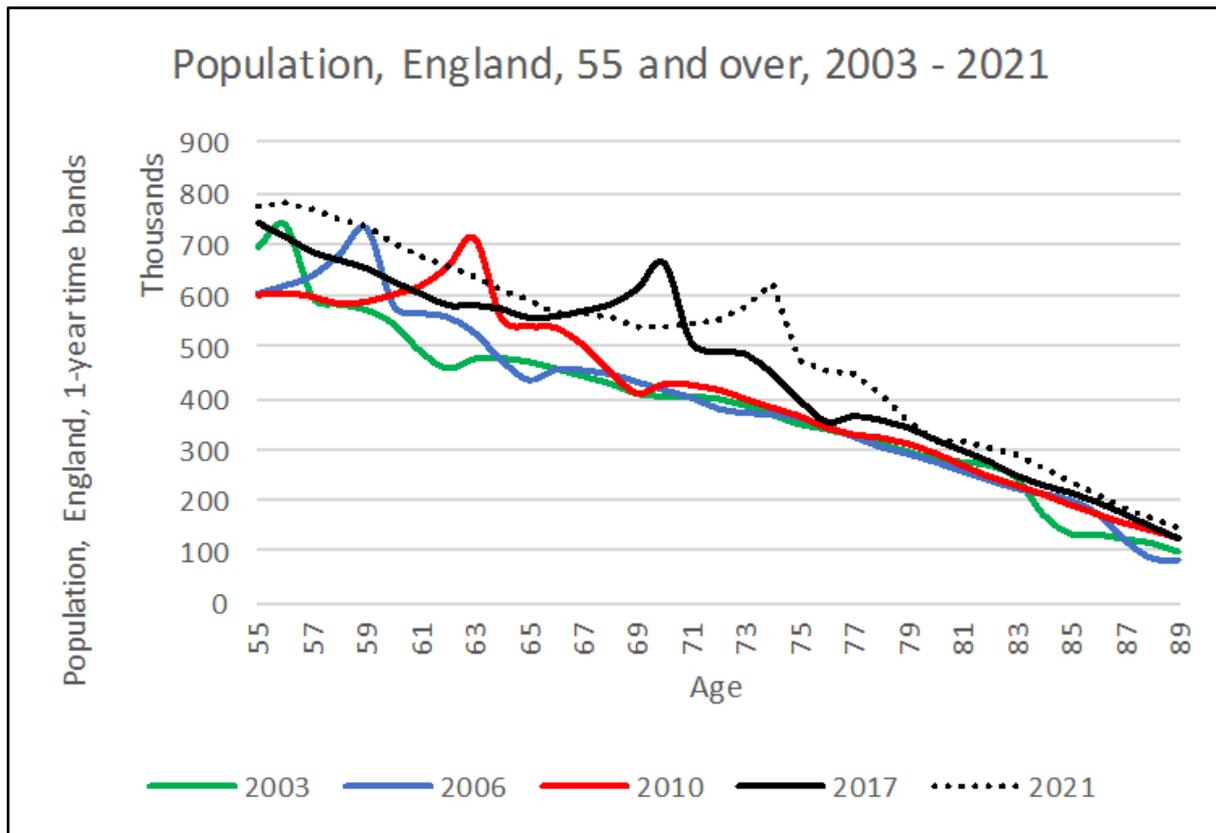
When free travel was initially introduced, the older concession was for all those aged 60 or over. However:

- From 6 April 2010, the minimum age began to increase, by one month every two months, to reach the then pensionable age of 65 in April 2020.
- In 2019 the pensionable age was increased to 66, to be reached by October 2020, leading to variations in increments in the eligible age threshold.

Figure 4 shows the actual and forecast distribution of population of the ages relevant to the concessionary travel scheme, for the following selected years:

- 2003: pre-free travel at 60 and over;
- 2006: free travel at 60 and over;
- 2010: age threshold starts to increase;
- 2017: now; and
- 2021: age threshold established at 66.

Figure 4: past and forecast numbers of over-55s



Source: ONS mid-2016 detailed population time series and 2014-based SNPP population projections

This shows that the population at any given age over 60 is increasing, and clearly reveals the “baby-boom” bulge, which is at its peak for people who were aged 56 in 2003. Interestingly, the “bulge” preceded the rise in the minimum age for concessionary travel eligibility, and thus lessens the impact of the change to “age-eligibility” in reducing the size of the eligible population.

The effect of these changes in eligibility means that, for England as a whole, the number of eligible older people, which would otherwise have risen by 38%, will remain broadly static from 2001 to 2021. From 2021, however, the upward rise is likely to resume at about 2% per annum, unless further action is taken to increase the age of eligibility.

If the numbers are eligible for concessionary travel are static, it might be expected that the number of journeys would also be statics, but in practice there are indications of a significant underlying downward trend.

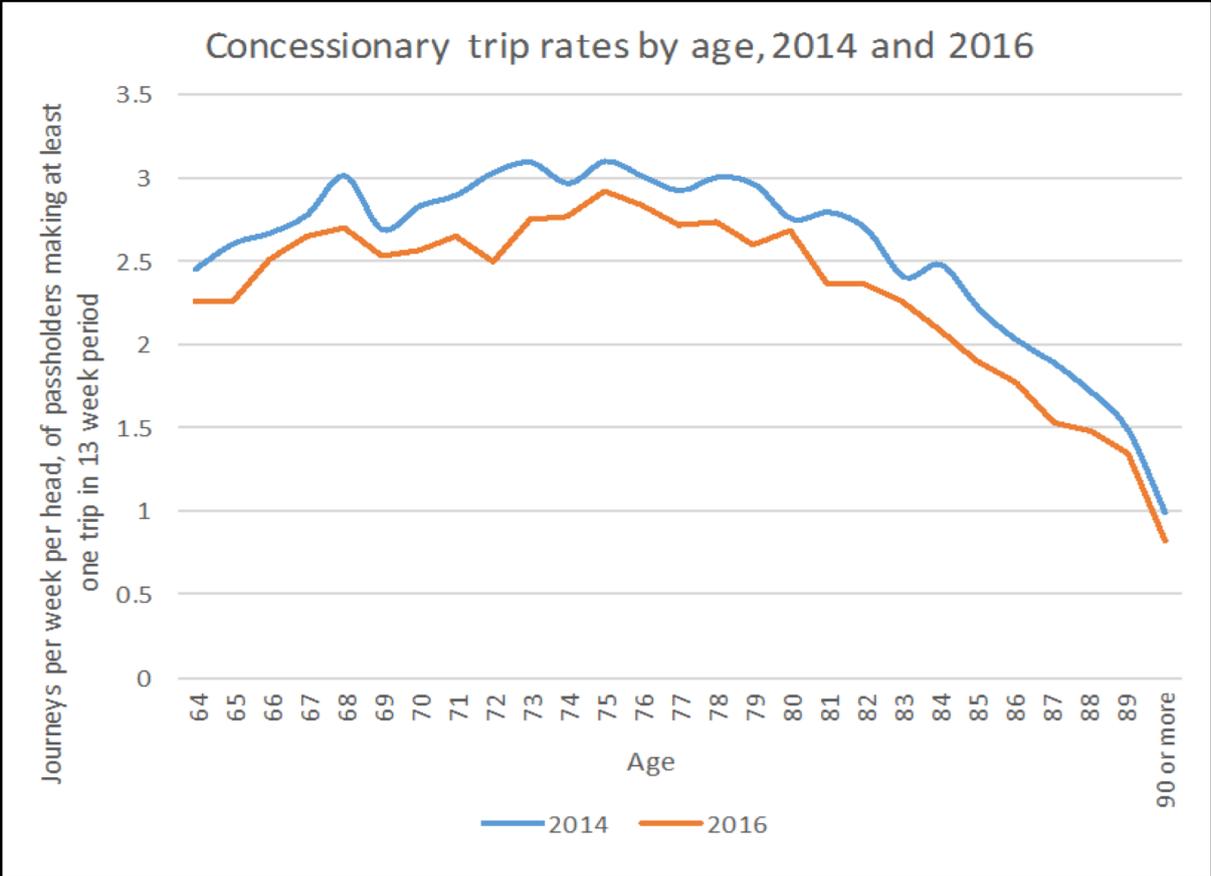
The most recent DfT statistics on journey numbers, for 2015-16, show a reduction of 3.1% from 2014-15.

Andrew had also seen recent local data suggesting that this downward trend is continuing. However, changes in the eligible population in individual authority areas can vary from year-to-year, depending on local demographics, and monitoring of impacts on journeys at a local level can therefore be confusing.

With smartcard data now more widely available, it is becoming possible to examine changes from year-to-year as well as geographical variations. For example, analysis of trip rates by age of passholder in one PTE area suggests that passholders of a given age are making significantly fewer concessionary journeys per week in 2016 than in 2014, as shown in Figure 5.

This is illustrated in the following chart, which shows trip rates by age of passholder in 2014 and 2016.

Figure 5: example of concessionary trip rates in 2014 and 2016



Source: PTE data. Passholders making no trips are excluded.

A major benefit of smartcard data is that it allows detailed journey data to be linked to individual passholders.

The data show that, for passholders aged 64 or over, average trips fell by 3.2% per annum between 2014 and 2106, much more than can be explained by changes in the age of eligibility. The chart also shows how trip-making frequency varies with age, which is an important consideration when inferring concessionary journey trends from demographic data. Average trip rates are highest for those aged around 75 but, as might be expected, decline significantly after passholders reach their mid-80s.

Smartcard data can also, uniquely, provide insights into variations in usage within the passholder population. Table 3, taken directly from one of the ITS Concessionary Travel Research reports, illustrates this.

Table 3: variations in trip rates among passholders

Number of trips	Percentage of passholders	Percentage of trips	Average trips per week
Zero in 5 weeks	56%		
At least 1 in 5 weeks, of which	44%	100%	3.0
0-1 per week	17%	7%	0.5
1-5 per week	18%	36%	2.6
5-15 per week	8%	47%	8.1
15+ per week	1%	10%	19.5

Source: 2009 NoWcard data, Table 4, Report 3 ITS Concessionary Travel Research Papers. (Replicated by subsequent analysis.)

The data shows the trips made by passholders in four Districts in Lancashire, part of the NoWcard area, in a five-week period:

- 56% of all passholders made no concessionary journeys.
- 9% of passholders made 57% of all journeys.

There is a large contrast between the majority of passholders gaining no journey benefit from their pass, and a small minority

of passholders making the majority of journeys. Almost all passholders have paid for the concession as taxpayers.

The costs and benefits of concessionary travel

The data on trip rates in Table 3 raises many questions about the distributional costs and benefits of the concession. The equity arguments for the concession depend on the characteristics of frequent users:

- Who are the frequent users and what journeys they are making?
- Why do so many passholders make no use of their concession?
- What are their travel needs?
- What are the differences, if any, between the socio-economic characteristics of these contrasting groups?
- Are frequent users net contributors or net beneficiaries?

Smartcard data alone does not directly answer these questions, but it can help refine the questions that might need to be addressed using more specific research tools, and provides the great benefit of reflecting the concessionary journey-making of the whole population of passholders.

A key issue is whether there are better ways of spending money on improving or maintaining bus-based mobility for older and disabled people. What is government or society trying to achieve, and at whom is the policy aimed? There are strong arguments that the statutory prioritisation of reimbursement has been at the expense of support for marginal bus services in peripheral urban areas, leading to withdrawal of services for a large proportion of the target population. A frequently heard comment is "I've got a free pass but no bus to use it on".

A more fundamental question is whether, if government reduced spend on concessionary travel, it would redirect the savings towards the bus industry? The answer is probably not. In any case, politicians are unwilling to alienate "the grey vote".

While there has been minimal quantification of the benefits of concessionary travel policies by central Government, some research has been carried out by others.

Roger Mackett's study "Has the policy of concessionary bus travel for older people in Britain been successful?" (Case Studies on Transport Policy 2, May 2014) contains a useful bibliography of relevant research. In it, he commented that:

"...objectives have been met to a large extent, but ... many of the impacts might have happened anyway and ... the impacts are probably less than many of the studies claim ..."

The Greener Journeys report "The costs and benefits of concessionary bus travel for older and disabled people in Britain" (September 2014) observed that:

"... scheme delivers excellent value for money with each £1 spent generating at least £2.87 in benefits. Half of the benefits accrue directly and immediately to concessionary travellers themselves, around 20% of the benefits to other bus passengers and other road users from transport network improvements, and the rest to the wider community ..."

Andrew Last in his paper "Costs and benefits of concessionary travel policies in England", Transport Economists Group (October 2013) reckoned that:

- benefit/cost ratios were in excess of 2:1, but with many benefits unaccounted for;
- the largest single benefit, was the transfer of costs from passengers to Government, at £574 million net cost; and
- reintroducing a non-zero concession (such as a 20p flat fare) would reduce the benefit/cost ratio, but the savings in net cost to the taxpayer (compared to free travel) would be proportionately greater than the reduction in benefits.

Concessionary travel as a research resource

One material outcome of the concessionary travel policies across the UK has been to create a relatively data-rich part of the travel market. Reimbursement transactions depend on hard quantification of journey numbers, and the size of the money flows is such that calculations of reimbursement are subject to close scrutiny, so there is some willingness by interested parties to look at evidence in detail.

From an academic perspective, giving a significant share of the population free bus travel has generated an opportunity to observe the impact of a big change in the bus market. Although 2005-06 is now a long time ago, experiments in transport economics on such a large scale are rare, and what has been learned through this period should not be overlooked.

In conclusion, the imposition of free travel, and the consequences of seeking to implement “no better off, no worse off” reimbursement, provide many opportunities to examine topics of interest to transport economists. Significant data has been generated, as a result of both proactive research and that needed on a regular basis to administer schemes. In particular, Smartcard data offers much potential for generating insights into travel behaviour and how that varies between individuals.

Discussion

Note: Most of the questioners declared an interest as holders of concessionary free travel passes.

Andrew Bosi (Campaign for Better Transport) asked whether the extension of concessionary travel to rail in some areas might have significantly affected the data. **Andrew** felt that the numbers of passholders using rail was likely to be very small, and hence would not have an appreciable effect on the data, except possibly in London.

David van Rest (former member, TUC Midlands) wondered whether local authorities could adopt a different framework for operator reimbursement, so as to encourage a more attractive pattern of services. **Andrew** explained that the reimbursement arrangements prevented local authorities from imposing other conditions on operators. The Government has always been worried about local authorities using the scheme surreptitiously to subsidise particular operators or services.

Brad Woodworth (Steer Davies Gleave) noted that, from his analysis of the data, there appeared to have been little increase in passholder journeys for shopping, while there had been some increase for leisure or recreational purposes. Thus the scheme could have had a beneficial effect on older people’s health. **Andrew** confirmed that the potential health benefits of the

scheme had been studied, although he was not familiar with the details of this research.

Peter White (University of Westminster, retired) wondered whether the fall in use of the concession between 2014 and 2016 might be due to the difference in numbers of driving licences and car ownership levels in the different cohorts. **Andrew** agreed that this could be part of the reason, and noted that the spatial distribution of different age cohorts might vary.

Dick Dunmore (Steer Davies Gleave) suggested an alternative approach to reimbursement. Operators could be set targets for maximising the proportion of journeys offered free to concessionary passholders for a given amount of subsidy and left to decide how to achieve the target. **Andrew** explained that some other countries and/or cities abroad had adopted a not dissimilar approach: such a mechanism might incentivise them to provide a wider range of improved services.

John Segal (independent transport consultant) asked whether the analysis showed how much travel was by local residents as distinct from out-of-towners. **Andrew** replied that cross-border travel represented only some 3%-5% of journeys for PTEs. Travel by non-residents was likely to be significantly larger in London and other tourist destinations such as Oxford or Brighton. However, specific data on this was not available.

Alan Peakall (freelance economist) wondered whether there was an overlap in the local authority concessionary travel payments to bus and rail operators. **Andrew** pointed out that there was a major difference in the basis for payments to bus and rail operators. Payments for concessionary travel by rail were discretionary but those for bus were a legal obligation. Relative local authority spending on bus and rail varied widely.

Tim Elliot (project appraisal specialist) noted that the TEG audience provided a focus group for experience and attitudes to concessionary travel. For example, he regularly drove to free or cheap parking on the outskirts of towns and cities and used his pass to travel into the centre. This resulted in the local authority both reimbursing the bus operator and losing parking revenue. **Andrew** recognised that there were many unintended consequences of the scheme. Various consumer and interest

groups had formed focus groups to examine aspects of the scheme, but there been no systematic approach in this area by government. Personal experiences were one of the reasons why we all found transport economics and planning so fascinating.

Peter Gordon (Editor, The Transport Economist) remarked that, since the concession was only available in most places after the morning peak, it should have only a marginal impact on operators' costs. **Andrew** said that this was a major topic in debates between operators and local authorities. Many operators have claimed that they needed to operate additional off-peak services to cope with the numbers of passholders. He was not personally convinced by their arguments, and was concerned that some of the reimbursement cash could be filtering through to support peak period service provision. In particular, he felt that some smaller operators might be gaming the system by designing their services around carrying passholders. The DfT Reimbursement Calculator was far from perfect.

Gregory Marchant (TEG Treasurer) said that, in his experience, one effect of the scheme had been for operators to concentrate services on major corridors. As numbers of concessionary journeys increased, service provision on some routes had improved, thereby encouraging non-passholders to use buses more. Providing bus services for low density populations was likely to require very high subsidies per passenger, with correspondingly lower benefit/cost ratios. **Andrew** acknowledged that there had been growth in higher frequency services, which had made people more aware of the opportunities for bus travel. His concern was that some communities on the edge of urban areas where bus services were only marginally unprofitable might be losing out.

Report by Gregory Marchant

The economics and prospects of Europe's night trains

Dick Dunmore, Steer Davies Gleave

Arup

22 November 2017

Background: the European Parliament

Dick began by contrasting the nature of the European Commission and European Parliament as clients:

- The European Commission is appointed on the basis of technical skills and all staff are required to speak English and at least one other language. They develop legislation which is consistent with overall single market policy making extensive use of (ex ante) impact assessment and (ex post) evaluation.
- The European Parliament is elected in the 28 Member States and consists of non-specialists, speaking a wide range of languages. It procures research on emerging topics of interest which requires accurate, clear and objective reports: diagrams and maps help.

Steer Davies Gleave's report "Passenger night trains in Europe - the end of the line?" answered a number of "research questions" set by the European Parliament. Dick presented it in the form of a "SWOT" analysis, study recommendations, and prognosis. Any opinions expressed were his own.

Definitions

Dick stressed the need for a clear definition of a night train, which was agreed to be that

"A passenger night train is any train consisting partly or wholly of rolling stock dedicated to, or reconfigured for, overnight travel."

This definition excludes DB day stock used on overnight trains. In practice, however, night trains meeting this definition included a range of services summarised in Table 1.

Table 1: night train journey durations and passenger mixes

Duration	Operating hours	Examples	Comments
Idealised night train	Under 10 22:00-08:00	<ul style="list-style-type: none"> • Vienna to Krakow, Warsaw, Košice • London to Glasgow/Edinburgh 	All passengers travel long distances overnight
Evening and morning	Up to 16 18:00-10:00	<ul style="list-style-type: none"> • London to Aberdeen/Inverness/Fort William • Most other night trains in the EU 	Many short journeys in "evening" and "morning"
All day	16 to 24	<ul style="list-style-type: none"> • Stockholm to Luleå and Narvik • Cairns to Brisbane in Australia 	<ul style="list-style-type: none"> • Night train and day train • Day journeys up to 16 hours
Multi-day	36+	<ul style="list-style-type: none"> • Moscow to Paris/Nice • VIA Rail services in Canada 	<ul style="list-style-type: none"> • Night train and day train • Wide mix of passengers

Data availability

Dick emphasised the difficulties of obtaining data, either as a time series or across operations, even without a consistent definition. There is no cost-effective means to create a time-series of services: it took two days to count the night trains in one European Rail Timetable. There is no systematic collection, let alone publication, of financial data for specific routes.

Figure 1 shows the only data found on past or projected passenger numbers.

Table 2 shows examples of the sources of timetable, fares, costs and revenue data on which the study drew.

Figure 1: data available on historic and forecast night train use

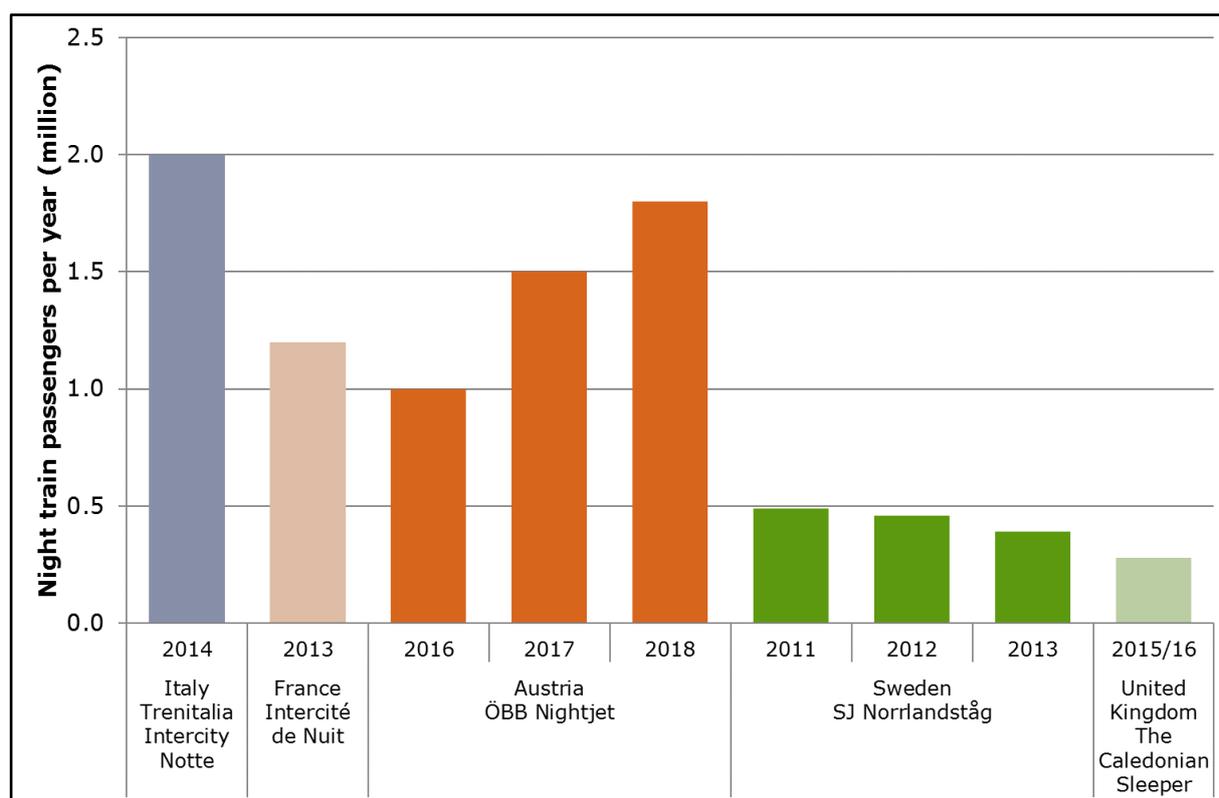


Table 2: data availability and sources

Subject	Most useful sources	Summary
Timetables and fares	<ul style="list-style-type: none"> European Rail Timetable Operator websites Press articles 	<ul style="list-style-type: none"> Available but scattered and time-consuming No time trend data
Service costs	<ul style="list-style-type: none"> ORR: Caledonian Sleeper Sweden: detailed studies Canada: financial reports Germany: press articles 	<ul style="list-style-type: none"> No obligation to manage night trains as a business No obligation to publish cost or revenue data, even if identified
Service revenues	Press articles	

Strengths

Night trains can provide travel in “dead time” hours of sleep, although they move more than (most) beds.

Night trains can, unlike aircraft and coaches, sometimes be powered by renewable sources, but they have more embedded carbon per passenger-kilometre than day trains.

Night trains can be marketed as a tourist experience, but this tends to focus on the view outside, in daytime, while awake!

Market characteristics and sizes often dictate longer journeys and multiple stops.

Weaknesses

The global aviation industry has standardised on four products (First, Business, Premium Economy and Economy), described and sold by a wide range of reservation and information sites. Night train accommodation, in contrast, is not standardised, and may therefore be hard to sell through a generic website:

- in Great Britain, National Rail Enquiries in Great Britain does not describe or sell sleeping accommodation on the Caledonian Sleeper.
- In Germany, DB can describe and sell sleeper services operated by ÖBB, because the products are similar to the DB sleeper network closed in December 2016.

Better accommodation requires more space, so a carriage will carry far fewer night passengers than day passengers.

Most services are on small domestic networks with little scope for economies of scale.

Services often operate at low speeds, meaning lower crew productivity and higher cost per passenger-kilometre than day trains.

There are also issues of seasonality. Sweden’s SJ operates shorter trains at quiet times but cannot cope with peaks such as at Christmas.

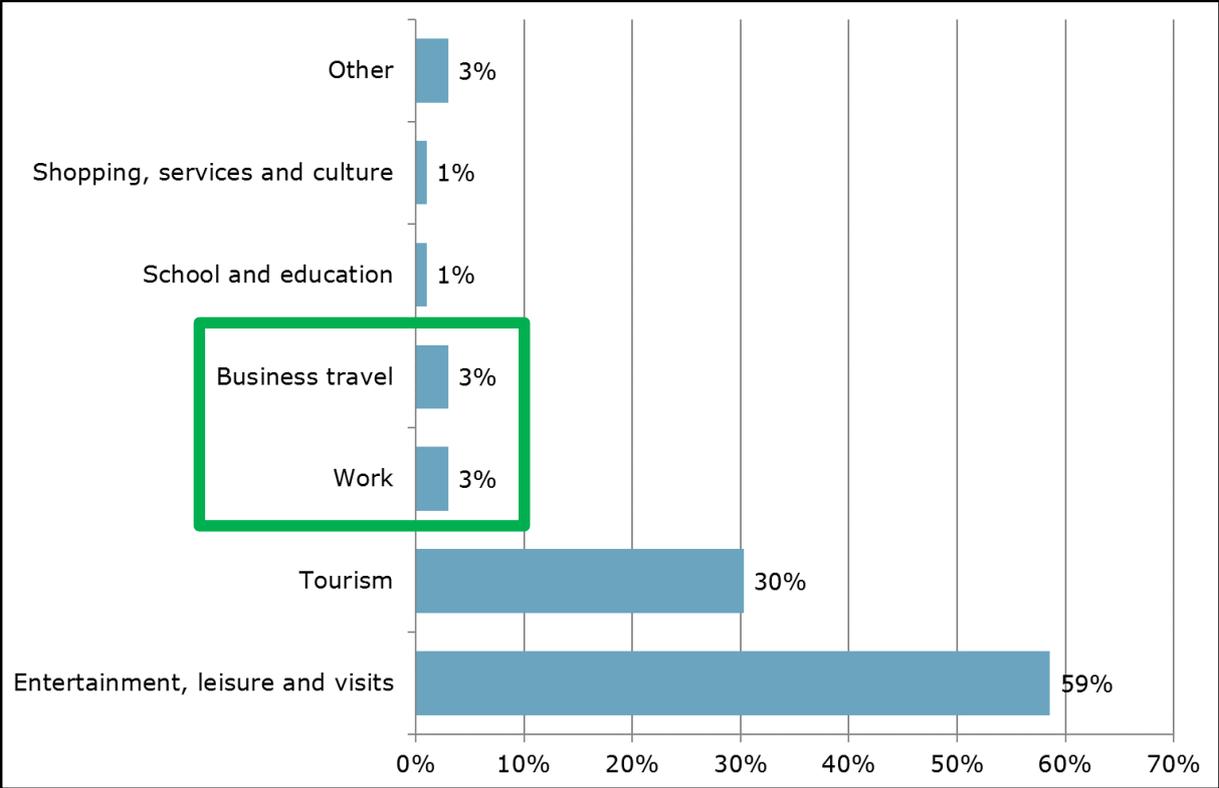
Table 3 illustrates a number of ways in which the costs per space- or passenger-kilometre of night trains may be higher than the equivalent day trains.

Table 3: drivers of the higher unit costs of night trains

Cost driver	Comment
Unit capital cost	<ul style="list-style-type: none"> • Higher unit costs of couchettes/beds and basins/toilets/showers • Unit manufacturing costs are higher for small fleets
Lower utilisation	<ul style="list-style-type: none"> • At most one journey per day, compared to up to four for day stock, depending on the route or routes on which they operate
Mass per space	<ul style="list-style-type: none"> • High mass means more fuel, energy and emissions per passenger space
Operating costs	<ul style="list-style-type: none"> • Journeys may be slower (sometimes to “kill time”) and staff hours longer • Many on-board staff, antisocial hours, spending nights away from home • Preparation of bedding and facilities
Locomotives	<ul style="list-style-type: none"> • Unlike multiple unit day stock, sleeper stock requires a locomotive
Splitting, joining, network and crew changes	<ul style="list-style-type: none"> • Splitting and joining means shunting resources in the middle of the night • Most international night trains change locomotive and driver at borders • Bogie changes between Russian broad gauge and standard gauge
Assets and skills	<ul style="list-style-type: none"> • Vehicles and types of staff needed for a “small and fiddly” operation
Size	<ul style="list-style-type: none"> • Typical night trains have 200 or more passenger spaces to be filled

Figure 2 shows how, in Sweden at least, night trains are rarely used for business travel.

Figure 2: journey purposes of night train users in Sweden



It is also rarely possible to price a night train on the basis of “a train plus a hotel room”. Business travellers rarely pay for their travel, and those commuting between homes, or visiting friends and relatives, may have free accommodation at the end of both out and return journeys. The only customers who will avoid paying for hotel accommodation, in both directions, out of their own pockets, may be leisure travellers away from home, specifically those on long-haul touring holidays.

Table 4 shows how apparent subsidy per passenger can be high. Canada sees night trains as a core part of the tourism offer, and is happy to subsidise services, but others are not. However, the apparent revenue from ticket sales to users may overstate the incremental revenue resulting from the service, if many passengers would have travelled by train anyway.

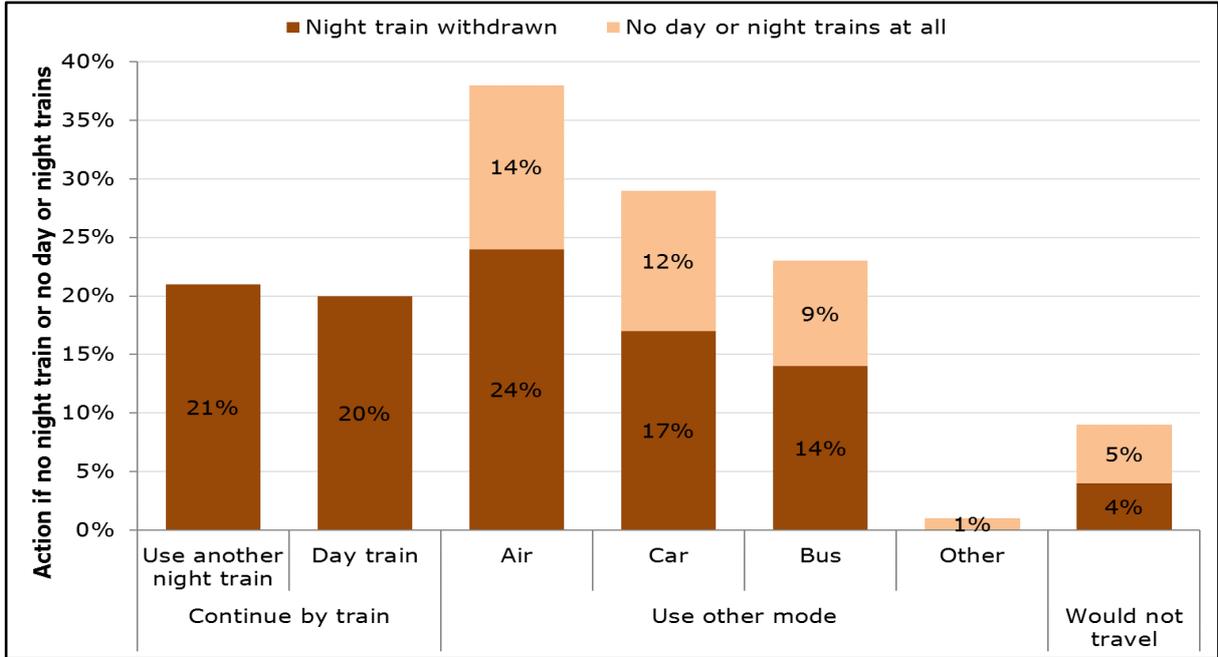
Figure 3 suggests that, on Norrland and Narvik night trains in Sweden, 41% of passengers would otherwise have used another night or day train. 24% would have flown, although this would have risen a further 14% to 38% in the absence of any trains. However, these proportions, and hence the financial

and environmental implications of withdrawal, might vary widely between services.

Table 4: reported average subsidy per passenger

Operator	Reported average subsidy
Canada VIA Rail (2015)	€345
France Intercités du Nuit (2016)	€100
UK The Caledonian Sleeper (2015/6)	€75
Germany City Night Line (2016)	€25
Sweden Norrlandståg (2016)	€20

Figure 3: passenger intentions if services were removed



Some common techniques do not work well with night trains:

- Operators may not save much by operating shorter trains because of the fixed cost of train paths, crew and locomotives.
- Connections between successive night trains are a commercial non-starter, because “they take all day”.
- Higher speeds reduce time to sleep, and favour day trains.
- Travel is already “bundled” with accommodation, but there may be little scope to add hire cars at urban destinations.

Threats

Table 5: threats to night train services

Mode	Factors	Examples
Rail	Infrastructure opened since 1991 is no use to night trains	Half intra-EU cross-border passengers: <ul style="list-style-type: none"> • Channel Tunnel (France/UK) • Oresund bridge (Denmark/Sweden) • Perpignan-Figueres (France/Spain)
	High speed lines reduce day train journey times	<ul style="list-style-type: none"> • France: TGV brings almost major cities within 5-5½ hours of Paris • UK: Manchester to London now in 2 hours, every 20 minutes • Sweden: high-speed lines could kill off Stockholm to Malmo
	Growth means more frequent day trains	Many interurban routes have services every 60 or 30 minutes. UK day trip time in Manchester: 6 hours (1958), 13 hours (2016).
Coach	Liberalised internationally (2011)	Rapid expansion: FlixBus has gone Europe-wide since early 2013. coach competition forced DB to lower prices.
	Liberalised domestically	Germany (2013), Italy (2014), France (2015).
	Facilities	TV, seatback video, air conditioning, WiFi (little use while asleep).
Air	Liberalised (1993)	Low-cost airlines in many EU domestic and international markets. Low-cost airlines offer very low fares if booked far in advance.
Car	EU-wide motorways	Long-distance travel at average speeds of over 100 km/h.
Hotel	Low cost chains	Accommodation as cheap as €40-50 if booked in advance.

Opportunities

In contrast, night train operations are well-suited to techniques such as:

- Moving upmarket, such as with en-suite facilities.
- Segmenting the market, with many travel classes, in particular charging a premium for guaranteed exclusive occupation of a compartment.
- Yield management, with prices varying with accommodation type, exclusive occupation, and time of booking.

For example DB's City Night Line, closed in 2016, sold four types of space as eight yield-managed products. Base prices rose with level of comfort (seat, couchette, bed or a bed with ensuite facilities) or exclusive occupation, and there was a €10 premium for international trips.

There are also niches where other services are thin and slow. In Sweden and Queensland, Australia, for example, night train journeys of up to 24 hours serve small settlements separated by long distances with few buses and flights except to, from or via the capital.

ÖBB Nightjet

Austria's ÖBB Nightjet has exploited a number of opportunities to take over some DB services, and has plans to expand its international network:

- Crossing borders allows it to select from a range of destinations at high speed, rather than be limited to domestic destinations at lower speeds. Figure 4 shows how ÖBB night trains are not much slower than day trains.
- Vienna is a relatively small air hub, and many of the night train destinations have poor air connections.
- Revenue can be maximised through yield management, as shown in Figure 5.

Figure 4: comparison of night and day journey times

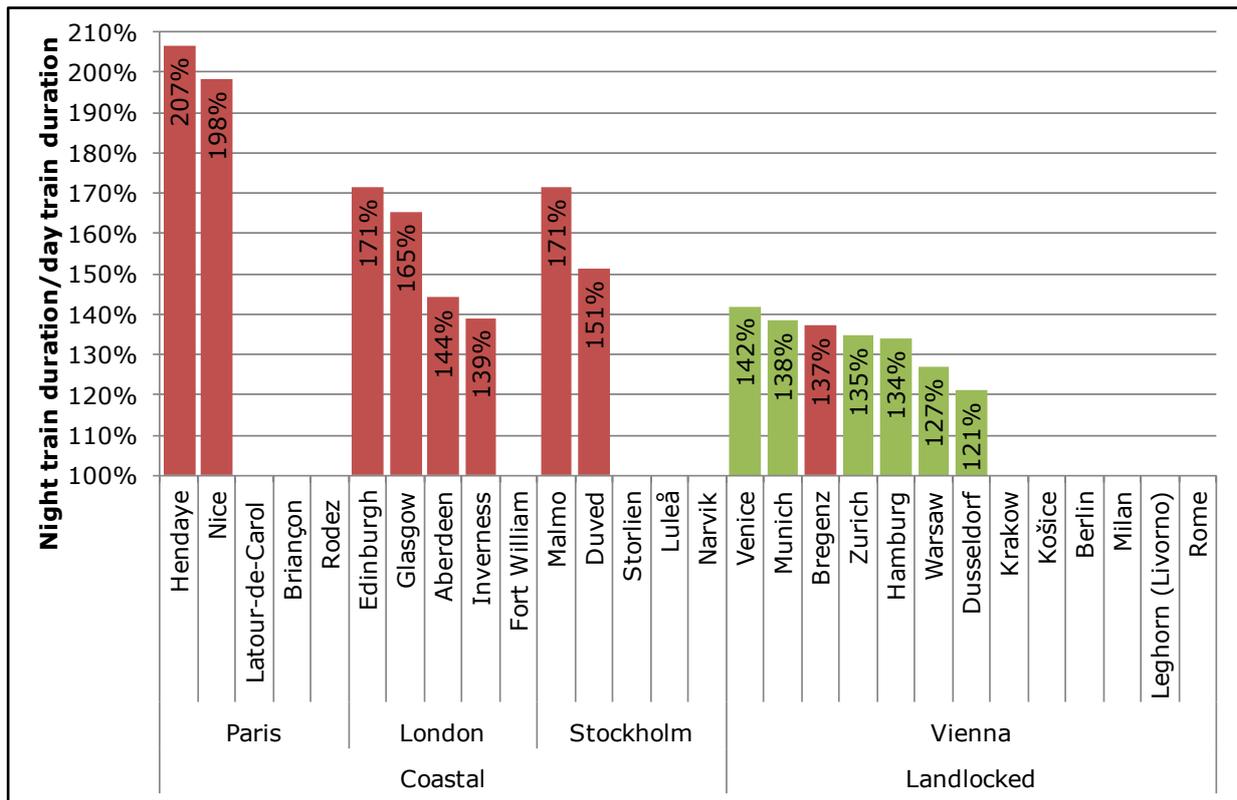
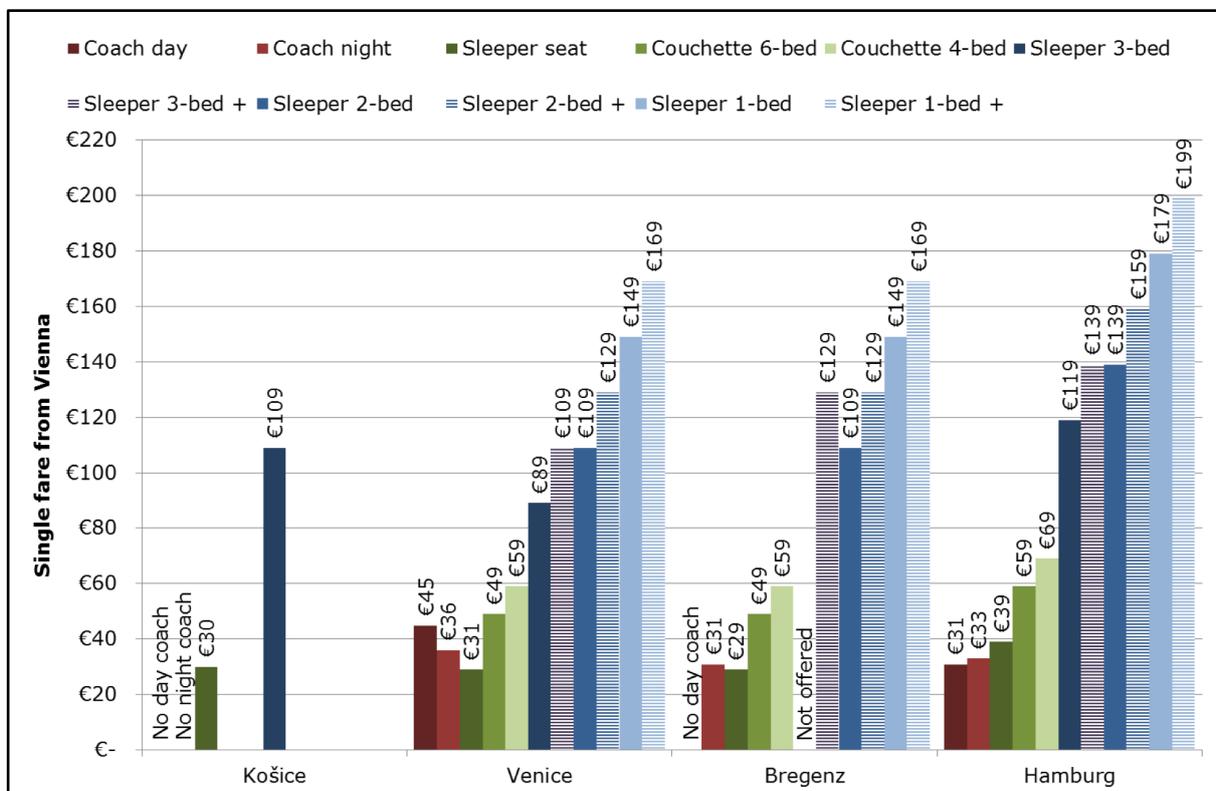


Figure 5: coach and rail fares on routes served by ÖBB Nightjet



The lowest fares match those of coaches but a higher rate is charged where there are, for example, ensuite facilities.

Study recommendations

On monitoring data:

- Consider an EU-wide definition of night trains, possibly using data based on the definition adopted for this study.
- Consider extending existing monitoring arrangements such as the Rail Market Monitoring Survey (RMMS) to collect key information on night train services.

Rail infrastructure charges:

- Consider adding night trains to the list of market segments by which charges may vary.
- Consider reviewing the framework for mark-ups to infrastructure charges.

Subsidy mechanisms:

- Allow a fixed subsidy for a minimum level of service as in Sweden: let the operator decide what service to operate.
- Allow subsidy per passenger, or as a percentage uplift on revenue as in the Netherlands.

Prognosis

ÖBB Nightjet appeared to have a viable model, some states had chosen to subsidise night trains under a Public Service Obligation (PSO), but this might be cut back elsewhere. Russia's RZD had recently reduced services into the EU.

Looking forward, coach deregulation may have run its course, but low-cost airlines will continue to expand. One possibility is that more "up market" hotel trains would become viable.

Discussion

Someone asked the European Parliament's view on night trains. Dick said that terms of reference had been open-minded, but green parties had emphasised night trains' environmental benefits, which appeared likely to be highly variable. The German Bundestag had decided that they should let DB act commercially: any subsidised trains would require support from a number of Länder (States).

Tim Elliott asked if engineering works constrained night train services on the Continent? **Dick** said that there is often little demand on Saturday nights, when night trains do not operate in Great Britain. Engineering work was cited as a cause of withdrawal of Thello services between Rome and Paris, but diversionary routes may exist if there are no intermediate stops. Night trains are generally successful in countries with two large cities, as with Stockholm and Malmo, Moscow and St Petersburg, and Almaty and Astana.

Someone noted that locomotives and couchette stock could, like some aircraft, be used both by night and by day. Are convertible trains feasible? **Dick** replied that the night stock was often bespoke to a route. SNCF had trialled spare Russian stock on domestic services, and various operators are testing new types of accommodation, but there is no obvious pot of gold. Beds, showers and privacy all require more space per passenger at night.

John Cartledge (London TravelWatch) said that in some cases night trains operated because of political support and asked what arguments are used as to their unique selling point? **Dick** replied the report had not been in a position to evaluate the decisions made to support services, or whether these would reveal a cost-benefit case using standard appraisal parameters. Environmental issues were not always clear cut, particularly where trains were shunted in city centres during the night.

John also wondered to whether potential users are not being targeted. **Dick** replied that this was partly a problem of IT: many websites needed adapting to sell night trains, so did not bother, and potential users would not find them unless they knew they existed.

Trevor Garrod (Back on Track) suggested that the European Parliament had no clear initiatives on night trains, and favoured an integrated European network. **Dick** noted that integration appeared to work in China and India, but European liberalisation envisaged competing commercial operators.

Report by Peter Gordon

TEG Committee 2017-2018

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The Transport Economists' Group, formed in 1973, provides a forum for people involved in transport economics to meet regularly and discuss matters of mutual interest. Membership is open to economists working in transport and others whose work is connected with transport economics.

The aim of the Group is to improve the quality of transport management, planning and decision-making by promoting lectures, discussions and publications related to the economics of transport and of the environment within which the industry functions.

Meetings, held at Arup's Central London HQ at 13 Fitzroy Street from September to June (except December), consist of short papers presented by speakers, drawn from both within the Group's membership and elsewhere, followed by discussion.

The Group's Journal, "The Transport Economist", is published three times a year reporting on meetings and other activities of the Group. It reviews recent publications of interest and contains papers or short articles from members. The Editor welcomes contributions for inclusion in the journal, and can be contacted at petersgordon@blueyonder.co.uk.

The current membership of over 150 covers a wide range of transport modes and types of organisation. Members are drawn from transport operators, consultants, universities, local and central government and manufacturing industry. All members are provided with a full membership list, updated annually, which serves as a useful source of contacts within the profession. Applications from people in all sectors are welcome.

Applications for membership should be made on a form which can be downloaded from the Group's website at www.transecongroup.org.

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TEG Committee 2017-2018

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