



Making rail
reform work
for people
and places in
the city regions



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Pre-COVID one in three rail journeys were being made on services responsibility for which was devolved in full or in part to city regions, regions and administrations in Wales, Scotland, London, the North of England, Liverpool City Region and the West Midlands.

The devolution of responsibilities for rail has been one of the big success stories on rail in recent years.

By and large it has led to more investment, higher levels of passenger satisfaction and more reliable services. It has also helped embed heavy rail services within wider public transport networks and within broader plans for housing, economic development and decarbonisation.

However, devolved authorities and administrations have often struggled with the complexities and high costs that have been associated with the format of the rail industry since privatisation. We therefore welcome the Williams-Shapps plan to simplify the structure of the industry.

Rail is critical to so much of what city regions are trying to achieve – from meeting ambitious air quality and decarbonisation targets to giving the public the public transport they want and need (one network, one ticket, one identity). Yet too often in the past local rail services have sat outside the wider local public transport – remote and unresponsive to local need. The Williams-Shapps rail plan offers the opportunity to change that.

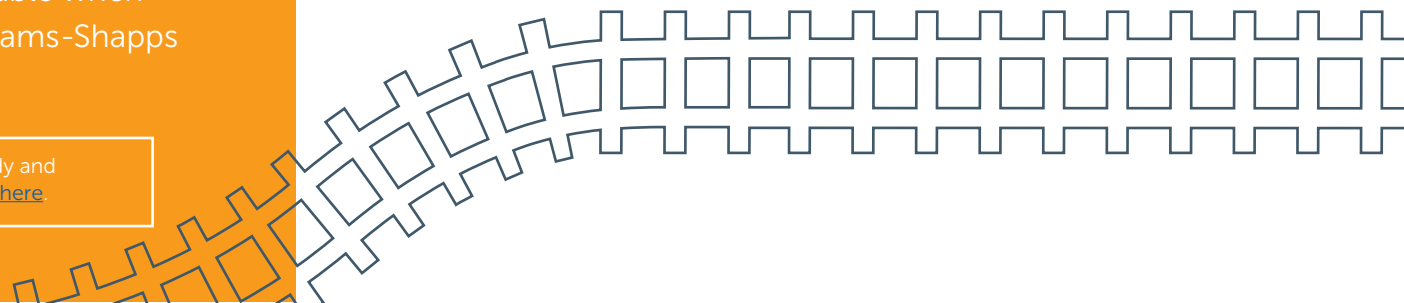
Given the success of rail devolution (indeed national government has now borrowed the template for contracting out rail services which a devolved authority pioneered) it is vital that devolved authorities have a seat at the table when big decisions are being taken about how the Williams-Shapps plan will be implemented in practice.

Find out more about the benefits that rail devolution has brought already and the wider case for extending those benefits to more people and places [here](#).

The key issues for us are:

- How we can build on the success of the devolution of rail powers which has already taken place in order to widen the benefits to more people and places - including in relation to stations, services, branding and infrastructure.
- How the new rail industry structures and systems will realise the benefits of devolution in line with local aspirations and circumstances and enable and incentivise city regions to invest in those services. An annex to this statement sets out scenarios for this (recognising that different areas will have different ambitions for the role they wish to play).
- How devolved authorities will be involved in evolving governance structures and reform processes for the industry.
- How funding flows will work in the new structure and how they relate to our current and future roles.
- How in practice GBR and DfT intend to work with us to ensure that rail ticketing reform (and smarter ticketing formats) aligns itself with the wider multi-modal ticketing products and smart ticketing that we already provide, or are developing.

We recognise that the railways are now embarked on a long period of restructuring and reform and we want to play our full part in making these reforms a success for the people and places we serve.

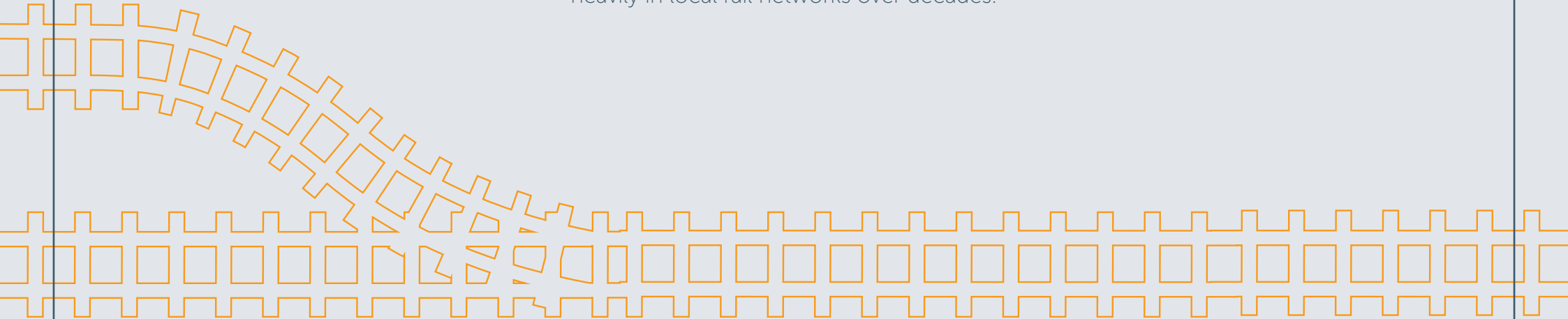


Scenarios for further rail devolution success

Depending on local aspirations and capabilities there are various scenarios for how the proven benefits of devolving further responsibilities for rail could be extended to more passengers and places.

The reforms and supporting legislation should support and facilitate the full range of options for extending and deepening local control and accountability for both **rail services** and **rail assets and investment**.

The full range of options are set out here but city region transport authorities will want to take up the options at the upper end of responsibilities whereas transport authorities for other areas may more likely favour the lower end of responsibilities. This is because in city regions rail is often an important if minority (in terms of mode share) part of wider public transport networks and which passengers want to be able to use and experience as a single integrated public transport network. City regions also have the capability and capacity to take on a more significant role as well as a track record of having invested heavily in local rail networks over decades.



Services

1. Full control of local rail services

In this scenario, the contract or concession for running local rail services wholly or mainly in a city region would be let by the city region transport authority, rather than by Great British Railways. The service levels, timetable, station staffing and service quality standards and incentives regime would be set as part of this concession, subject to agreement on track capacity with the system operator (this will presumably be part of GBR, but this is one of many areas to be confirmed). The services and stations would be branded as part of the city region's integrated transport system and fares integrated within wider local public transport fares structures. Revenue risk would be borne by the authority and operator as agreed within the concession contract. This is essentially the system by which London Overground and Merseyrail services are provided.

2. Full control and direct provision of local rail services

In this scenario the benefits of full control set out above would apply but an operating subsidiary of the city region transport authority would run train services (rather than operation being contracted out to a private sector provider). This is the system now operating in Wales, where Transport for Wales Rail Limited runs the Wales and Border rail services on behalf of the Welsh Government. It is also the system which will be introduced in Scotland in 2022 when services will transfer from operation by a

private sector franchisee to a subsidiary of Transport Scotland. Light rail systems like the Tyne and Wear Metro and the West Midlands Metro are also operated (and owned) by the city region transport authority.

3. Joint control of local rail services

In this scenario, the concession for local rail services will be let jointly by GBR and the transport authority. The transport authority and GBR will jointly decide service levels, branding and oversee quality standards. Revenue risk will be shared. There could be separate point to point rail fares as well as zonal multi-modal fares, with revenue apportionment arrangements.

4. Joint management responsibility for local rail services between GBR and the transport authority

This scenario is similar to 3, with joint management responsibility by GBR and the transport authority, but revenue risk will stay with GBR. This is essentially the arrangement that governs West Midlands Trains, with the West Midlands Rail Executive involved in management of the franchise, as well as for the Northern and Trans Pennine Express franchises which are overseen by a DfT and Transport for the North joint board.

5. Buying additional services

In this scenario, GBR will let the concession for local rail services, but the transport authority will be able to buy additional services on top of the baseline that GBR has determined. This is essentially the system

that existed before privatisation between Passenger Transport Executives and British Rail.

6. Consultation and partnerships on local rail services

In this scenario, GBR will let concessions or agree contracts to run the local rail services, and transport authorities would be consulted on the service levels, station staffing and facilities, service quality standards, arrangements for integration with other modes and fares to be included in these concessions. This could also include the ability to trigger performance reviews if quality standards fall below agreed levels.

In addition, in all cases, transport authorities will want to be involved in the concession agreements for longer distance services in their areas and on timetabling proposals generally. These services are important for local economies and the strategies for these services need to support the local economic, environmental and other strategies developed by city regions and local authorities. Rail collaborations, like the Grand Rail Collaboration in the West Midlands, will allow joint service development between the local transport authority, GBR and all train operators.

In some cases transport authorities may wish to consolidate their role on rail within a wider regional grouping (such as has been the case in the North of England via Transport for the North).

Assets and investment

Scenarios for management and control of rail assets need to be considered separately, though they will in practice link to those for services.

1. Devolving control and ownership of rail infrastructure

In this scenario, the transport authority takes over ownership of rail infrastructure – stations, tracks and signalling – from what is now Network Rail and will be GBR. This scenario is being pursued by the Liverpool City Region in relation to the Merseyrail network, and has taken place in Wales where the core Valley lines network have been transferred to Transport for Wales. It has also occurred in the past where former heavy rail routes which were part of the national rail network have been converted to light rail (such as in Greater Manchester). This scenario would also allow a transport authority to let a concession for both the infrastructure and operations.

2. The ownership of rail infrastructure stays with GBR but management is transferred to the transport authority

Whereas scenario one sees the transport authority take over the freehold of rail infrastructure, this scenario would be a leasehold for the infrastructure. For example this would allow transport authorities to take over the leasehold of local stations from private operators so that they can invest in their future whilst longer term asset management and protection responsibilities remains with GBR.

3. Rail infrastructure stays with GBR, but the transport authority invests in upgrading it

Transport authorities use their own resources (or source other public and private funding) to pay for upgrading of rail infrastructure, the contracts for which would be let and managed by GBR. A non-urban example is the Cornwall main line upgrade of track and signalling, with European and other funding brought in by Cornwall Council. There would be an agreement between the transport authority and GBR specifying outputs and delivery dates, with penalty clauses if these were not met.

4. Most rail infrastructure stays with GBR, but stations transfer to the transport authority

This scenario was proposed by Transport for Greater Manchester, which argued that it could manage better and make better use of stations and the surrounding estate than would be the case if they stayed with Network Rail. Development rights would transfer to the LTA, though some gain-sharing arrangements with GBR could be agreed.

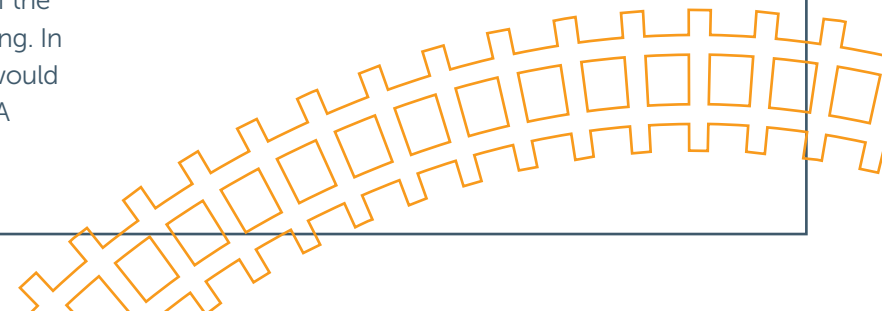
5. Bespoke station investment/upgrade deals

In this scenario, investment packages for individual stations are agreed under bespoke arrangements. In some cases the LTA might take ownership of the station to more easily facilitate additional funding. In other cases, GBR might retain ownership but would have a joint investment agreement with the LTA which would bring in funding to upgrade it.

6. Agreed long term investment strategies for local rail

Transport authorities will agree with GBR a long term investment programme for lines and networks in their area. This can be used to shape rail programmes for transport authority controlled funding streams such as the Transforming City Fund and the City Region Sustainable Transport Settlement, as well as the decarbonisation targets to be set in Local Transport Plans. Such strategies should also form part of the 30 year Whole Industry Strategic Plan.

In relation to the funding flows that sit alongside these reform options where transport authorities are taking on responsibilities for rail provision formerly undertaken by national Government, that funding would also need to be devolved. More widely for all the scenarios there will need to be financial transparency by GBR so that transport authorities have a clear view of the costs allocated to their local rail services. This will also provide transport authorities with a robust basis for sourcing any additional local public or private funding to support enhancements and improvements.





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