

A new approach to rail passenger services in London and the South East -



understands and supports the idea of local organisations and people having more of a say over how their transport system functions and operate. It therefore does not oppose plans to move responsibility for inner London suburban services from the DfT to TfL. We would however urge caution and do not believe the move will be a magic solution to some of the fundamental problems we have on our railways.

Communications between national decision makers and local authorities as well as Local Transport Authorities are essential. However the British railway must always be considered a national entity.

3. We believe caution must also be taken when looking at devolution. In 2011 the McNulty report explained that fragmentation has led to a lack of leadership in the industry. The report also suggested that fragmentation is the first barrier to efficiency. Unfortunately, the report then went on to suggest greater fragmentation. is of the view that careful consideration must be given to the approach being taken by the DfT and TfL and urge both of them to ensure any changes act to integrate the both railway in the south-east and wider public transport, rather than fragment it further.

- 4. We concur with the DfT's view that local decision makers are well placed to recognise trends in usage and demand as well as local developments such as new housing or employment patterns but we would emphasise the fact that the railway is a large and complex national network which benefits from maximum levels of integration.
- RMT, TSSA and Unite published a report called Rebuilding Rail in 2012 which found that the key reasons for the increase in the cost of the railway were as a result of debt write-offs; costs arising as a result of fragmentation of the rail system into many organisations; profit margins of complex tiers of contractors and subcontractors; and dividend payments to private investors. For example, the cost of interfaces between TOCs and Network Rail is approximately £290 million a year. There is the potential for this change to increase the amount of interfaces and organisations involved in delivering the network which will only increase this figure. However if it achieves what the document claims and creates more integration, this would clearly be positive.
- 6. We reiterate that we don't oppose the devolution of power and responsibility for rail to regional representative bodies. We draw attention to the European railway models which have strong regional involvement in national networks with substantial benefits. We would point out that this arrangement is in the context of a unified train operator.
- 7. The Rebuilding Rail report shows that some overarching generalisations emerge from the European evidence. Firstly, bodies with geographical remits are best placed to define, represent and negotiate the needs of passengers within their catchment as well as ensuring integration with other modes of transport.
- 8. Secondly these bodies are far more likely to succeed in achieving their aspirations when they have financial strength derived either from their

- catchment area or from the national budget. This is the case in France and Spain when dealing with a single nation operator, or in Germany where the setting is a single national operator competing against other operators.
- 9. It is therefore clear that devolved powers to regional authorities with financial clout are a success story and one that should be repeated in the UK. The key difference however is that the examples of France, Spain and Germany all have a single national rail operator. Those continental local bodies are not dealing with a deeply fragmented system and a whole rail franchise is not their responsibility.
- 10. supports a decentralised railway. However such moves towards rail devolution will not accrue genuine benefits given the current structure of the UK rail network. Prioritising devolution whilst the United Kingdom continues to have a fragmented franchising system that wastes about £1.2 billion a year is not going to solve the more fundamental problems faced by the industry and if done badly could simply exacerbate the current causes of waste on the network.
- 11. We would contend that the biggest change which could potentially come from these proposals is in fact the type of contract offered by TfL to run services. The mainline services currently specified by TfL are run on a management contract where revenue is kept by TfL and the operator paid according to certain performance targets being met. This is in contrast to franchises specified by DfT where revenue is kept by TOCs and certain agreed payments may be paid to the Department.
- 12. The benefit of the former approach is that providers have more incentive to improve performance. Traditional franchises have less interest in meeting performance targets as their profit generally relies on people buying tickets, not on the quality of service. Passengers generally have little alternative than to use these services no matter how poorly they perform.

- 13. A Campaign for Better Transport report, sponsored by \_\_\_\_\_\_, found evidence that it is this type of contract that has led to improved passenger satisfaction on LOROL. London Overground's expansion in taking on new services (such as the recent addition of Greater Anglia services to Enfield Town, Cheshunt, Chingford, Gidea Park and Shenfield) is likely to have positive results.
- 14. The Going Local report states that "London Overground and Merseyrail... have lessons to teach on performance management and indicators, such as revenue protection, station management, accessibility and other aspects of service quality. These lessons will be particularly useful given Richard Brown's recommendation to incorporate service quality measurement in the letting and monitoring of franchises. However, London Overground and Merseyrail also teach that indicators and priorities can and should vary, depending on local circumstances, and the voice of local authorities should be sought and heeded on this, even for contracts or franchises being let and managed by DfT. Many of our interviewees said that getting a rail contract well designed in the first place was critical to its success, and as we have seen good management of franchises is also important in promoting good performance and shared objectives."
- 15. believes that the complexity and importance of our railway means that there should be as little private sector involvement as possible in our network. policy is that a unified single publically owned railway would offer the best value to passengers and the taxpayer. However short of this, a management contract overseen by the public sector allows more control than the privatised monopolies offered by franchising.
- 16. Any changes such as those detailed must not be used to attack staff terms and conditions. Any transitional effect on staff must be negotiated from the

begging with recognised trade unions. No detrimental effects on staff should therefore be included in the list of safeguards.

- 17. feels that before any transition to TfL happens, a thorough review into the organisation's management and processes should take place. It should also be noted that industrial relations have deteriorated over the past few years and many actions taken by TfL show disregard for the recognised unions and the workforce.
- 18. The difficulty with devolving rail is that by its very nature, the network transcends local authority borders. recognises that only inner suburban services will come under TfL, however, how this is defined could be complicated and many services that currently stop mostly within this area could still terminate outside. We recognise the problems of a scenario where passengers travel on services local to them yet are overseen by a democratic authority which they are unable to elect.
- 19. supports the idea of more public control over our network, and therefore in principle the move of inner suburban London franchises to TfL under a management contract could deliver this. However, the union worries that the consultation appears to believe that such a move will instantly correct problems we have on our network by creating more capacity and allowing far greater investment. This is not the case. To do this we need less fragmentation, less money leaving the industry in dividends and more joint up leadership. The best way to achieve this is to bring the network back into full public ownership. Then the true benefits of devolution can be felt.

