



**Campaigning by the
Railway Development Society Ltd**

Rail Decentralisation Consultation
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Rail Decentralisation consultation

Dear Sir,

We are pleased to submit this consolidated national response on behalf of **railfuture**, which has been prepared by the Policy, Lobbying and Campaigns committee, with contributions from individual branches. The document has been reviewed and approved by the committee.

Railfuture is a national voluntary organisation structured in England as twelve regional branches, and two national branches in Wales and Scotland.

We support the concept of devolution in appropriate situations and hope that the constructive criticism in our response will contribute to the process.

If you require any more detail or clarification please do not hesitate to get in touch.

Yours faithfully

Chris Page
Railfuture
Policy, Lobbying & Campaigns Committee

www.railfuture.org.uk www.railfuturescotland.org.uk www.railfuturewales.org.uk
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Response to the Rail Decentralisation consultation

Experience of existing rail devolution arrangements

Q1. *Consultees are invited to identify lessons which may be learned from existing rail devolution arrangements in Scotland, Wales, London and on Merseyside, and which are relevant to any proposals for future rail decentralisation covered in this document.*

There have been proportionately more rail station and line re-openings and new services in Scotland, Wales and London than the rest of the UK. This demonstrates that devolution brings a more progressive approach to rail development.

However there are examples of devolution where services immediately outside the area covered by the devolved authority have or could suffer, eg services which stopped at the Centro boundary instead of continuing outside and the potential impact of Crossrail on GW services to Maidenhead and beyond. This shows that devolution must come with safeguards.

Examples of the use of the Regional Growth Fund and the Local Sustainable Transport Fund are given, but their use for rail development has been extremely limited. Many local authorities have not recognized the possibilities, so a drive is required to persuade local authorities, and other 'more-than-local' agencies such as Local Enterprise Partnerships, of their value for rail rather than road schemes.

How decentralisation could contribute towards achieving objectives and outcomes

Q2. *Consultees are invited to submit views on how they consider that devolving responsibility could help achieve the objectives for the railway set out in paragraph 3.1.*

Devolution of responsibility should be considered separately for services which are likely to require ongoing financial support (or possibly major capital expenditure) from those which are commercially successful (or could easily become so). Where services are likely to require support and are independent of the wider rail network, devolution of responsibility to a local authority would allow decisions on the level of support required to be taken locally. However where a service is profitable, the franchisee should be given the freedom and incentives to develop the service whilst reducing cost, by devolving more responsibility to the operator (who has the commercial incentive to become more efficient) rather than a local authority.

Putting rail on the same footing as road, so that local authorities can obtain funding for either, should encourage local authorities to consider rail as well as road solutions to their transport needs.

More local control could enable the changes described in paragraph 3.6, but only if a ground-up approach to defining simpler procedures and practices is taken, as described in the presentation by Professor Andrew McNaughton (Chief Engineer of High Speed Two Ltd) to the Association of Community Rail Partnerships (refer RAIL magazine edition 687). This approach would be more effectively developed centrally, rather than reinventing the wheel for each devolved area, and could only be applied to lightly used routes with no other users eg freight or through traffic. There is also a risk that if the devolved funding is set in advance and not reviewed, this "institutionalised" subsidy would remove the incentive to continue to reduce costs.

Other opportunities to be considered to increase the proportion of travel by train without additional central funding include:

- increasing capacity without significant extra cost by accelerating services
- potential use of local tax-raising powers or road congestion charging to fund rail improvements
- greater graduation of peak fares through use of smartcards
- progressively reducing the discount of season tickets (compared to anytime fares), so that regular commuters, who drive the capacity requirement, pay for the capacity that they use (discounts are typically up to 52 weeks' travel for the price of 40, equivalent to an unrealistic 12 weeks' holiday, but can be much higher for long distance commuting eg a Stoke-on-Trent to London weekly season costs £310.80 compared with an Anytime Return £246, a discount of almost 75%)

- carnet tickets to encourage 2 or 3 day per week commuters to travel by train
- increased station car parking and commuter bus links to avoid discouraging off-peak rail travel through lack of car parking

Devolution must come with appropriate safeguards. For services where users do not have an effective choice of transport, fares must be protected. The benefits of operating as a network must not be lost, and services connecting outside the devolved area must not be adversely impacted. Devolution of decision-making responsibility must be matched by devolution of financial responsibility and appropriate accountability.

Paragraph 3.16 identifies potential benefits of devolution. Different rules apply for services which are profitable from those requiring financial support. Unless financial support is required to operate the service, the franchised operator should be better placed (than a local authority) to achieve benefits a. to f. based on local market demand, provided the franchise is structured to provide commercial incentive and an appropriate measure of freedom to make decisions. Local authority input will always be required for benefits e. and f.

The role of rail in promoting economic growth (paragraph 3.17) can equally be achieved through more effective use of the funding mechanisms outlined in paragraphs 2.13/14.

Rail is more carbon-efficient than other modes of powered transport. Coordination of bus and rail services, connections and information in an integrated network could be more effectively achieved through decentralization. This would attract more travellers away from the car, leading to reduced carbon emissions.

Views on activities that should be devolved

Q3. *Comments are invited on the list of responsibilities that should be retained by central government and those that might be devolved to sub-national bodies.*

Enhancements to stations, local SMART ticketing also involving buses, bus/rail interchange and new ticket sales outlets could be devolved to local authorities. Whilst ticketing policy may be devolved, smartcards must conform to a national standard and be interoperable.

Local authorities may be given powers to *enhance* services but should not have final responsibility for whether existing services should continue. There is a danger that some authorities might see this as an opportunity to redirect funding for other purposes.

Views on types of service that should be devolved

Q4. *Which types of service are suitable for local control? Should longer-distance services be regarded as "strategic", because they serve a variety of markets and economic purposes, and therefore be specified nationally?*

Rail services must be considered in an inter-regional, not merely local, context. Categories D and E are both potential candidates for devolution (but the form of devolution needs to be different -see answer to Q6), provided that they will require ongoing financial support and do not form part of a wider network. We are concerned that decentralisation could lead to development of local services at the expense of inter regional services and that therefore "strategic" services should be defined as all those that currently extend beyond the PTE/LA boundary. Longer distance services must be regarded as strategic and specified nationally to preserve the network benefits of the national rail system.

Q5. *In areas where responsibility for local passenger services is devolved, what are the implications for other users of the rail network, including freight customers and operators, and how might these implications be addressed?*

Where routes are shared with other operators, not all responsibilities can be devolved – some must be retained nationally. The interests of long distance and freight operators must be protected, perhaps by the ORR.

Views on the five options

Q6. *Consultees are invited to comment on the models for decentralisation and how they might apply or be appropriate to particular parts of the country or service groups in a particular area.*

There is not a 'one size fits all' solution for devolution; the extent of devolution must be appropriate to the situation.

Option 1 can offer benefits, as shown by experience with the current Northern franchise.

Option 2 is appropriate where services are interconnected so could not be split out for a single PTE or local authority group area. Safeguards are required to ensure that savings from rail service decrements are spent on improvements to alternative rail services.

Option 3 is appropriate where a group of services (eg Bristol commuter services) requiring financial support that are within a PTE or local authority group area can be split out from other profitable services within a franchise area.

Option 4 is appropriate for individual routes which do not share significant parts of their route with other services. They may already be the subject of a Community Rail Partnership. Micro-franchises should be required to accept (and receive revenue from) rover tickets issued by the principal franchisee or ATOC covering the geographic area in which they operate.

Option 5 is appropriate for commuter services in conurbations, eg West Midlands. Merseyrail and London Overground are existing examples. The TfL concession model has proved an outstanding success with London Overground and we endorse the Mayor of London's wish to extend it to other parts of London's network, with appropriate safeguards for routes which extend outside the London area. Similar safeguards are required elsewhere in the country to ensure that ITAs (eg West Yorkshire) do not dominate the service specification at the expense of non-metropolitan areas (eg Hull, which also has a large population).

Views on governance

Q7. *Comments are invited on issues related to the size of the area that needs to be covered by a devolved body and the governance issues that this may give rise to.*

Authorities proposing to take responsibility for decentralised services must be absolutely clear on how the governance will work and explain that to their constituents. Local Transport Authorities or Local Economic Partnerships with a record of investing in rail and a programme to enhance their local rail networks should be considered for devolution. Funding must follow any devolution. Public scrutiny through open meetings (as with the West of England Partnership; SEWTA and SWITCH) and regular consultations should help keep decision-making transparent.

Any incentives associated with devolution must involve enhancement of rail services and station facilities, not merely savings in expenditure. All participating authorities must be required to monitor and demonstrate evidence of passenger numbers and other measures of customer satisfaction.

The area covered by the devolved services must correlate closely to the area covered by the PTE or local authority group. Local authorities with incompatible policies should not be combined in a group for the purpose of rail devolution. Safeguards are required to prevent authorities with devolved responsibility for rail improving services in their area at the expense of services outside – a statutory mechanism giving adjacent authorities a measure of shared control is required.

In reality a PTE or local authority would not have the resources to take the responsibility of 'operator of last resort' – this responsibility would have to remain with the national government.

Views on funding

- Q8. *Consultees are invited to comment on the basis on which the level of funding to be devolved might be established.*

The level of funding must be regularly reviewed to ensure that block funding does not remove the incentive to keep reducing costs. Ring fencing this funding provision so that it can't be diverted to other projects and setting a minimum standard for all areas would avoid a "postcode lottery" of provision of services whilst still allowing decisions to be made that are appropriate to the area.

It should also be recognized that whilst the government provides funding to support rail services, it also receives back significant income from the rail industry in the form of taxation, revenue-sharing and loan guarantee fees.

Expressions of Interest

9. *Expressions of interest are invited from sub-national bodies who would like to develop proposals to take on devolved responsibilities for rail services in anticipation of franchises being re-let. A summary of the planned re-franchising timetable is provided at Annex A.*