

TravelWatch NORTHWEST

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promoting quality public transport.....

Rail Decentralisation Consultation
 Department for Transport
 Rail Directorate
 Zone 3/15
 Great Minster House
 33 Horseferry Road
 London
 SW1P 4DR

27th June 2012

Dear Sir/Madam

Devolving Rail to the Regions

1. Background

1.1 TravelWatch NorthWest (TWNW) is an independent Community Interest Company representing public transport users in NW England. TWNW has not failed to note that rail has tended to benefit more from public support in the **devolved regions** of Scotland, Wales and Northern Ireland than it has in England¹ where most services are specified, funded and managed centrally by the DfT.

1.2 Whilst pleased to be able to comment on this consultation, we are cognisant of having recently made responses to other consultations containing references to issues² not in this consultation but which we never the less consider to be highly relevant. We hope that these, which can be found on our website³ may be considered in parallel.

2. Regionalism

2.1 Until the demise of the Regional Development Agencies in 2011⁴, TWNW was very supportive of these along with their Regional Funding Allocations

¹ Outside London, the only fully devolved English Region,

² Industry structures; regulation; Central and Local Government structures - Localism

³ www.travelwatch-northwest.org.uk

HOCTC April 2012 Reforming the Railways

ORR March 2012 Greater Role in Regulating Passenger Franchises

DfT April 2012 Devolving Funding for Major Transport Schemes

DCLG Dec 2011 Localism Act 2011

⁴ Localism Act 2011

and Regional Transport/Economic/Spatial Strategies. For its part the NW RDA was reciprocally supportive of TWNW. The RDA's role will be hard to replace.

2.2 It will now be necessary, as this consultation suggests, to discover how closely the newly contrived **Local Transport Bodies** align with the consortia of Local Authorities and Local Enterprise Partnerships responsible for investments in infrastructure, and how successful they can be in filling the gap left by RDAs.

2.3 TWNW fears that as currently to be constituted these bodies could become just another unnecessary layer of bureaucracy ⁵.

2.4 This consultation appears, rightly we believe, to be predicated mainly on "**City Regions**" with strong powers, enthusiasm and resources. Nevertheless it will be essential to ensure that rural rail services are not marginalised or defined by adjacent and better resourced conurbations where they originate or terminate.

3. Rail organisation and regulation

3.1 The part ⁶ **privatisation and fragmentation** in 1993 ⁷ of the rail industry, whilst complying with the EU requirement ⁸ on separation of track and operations, has been proven flawed.

3.2 The large number of stakeholders created and the consequential necessity of a "moneygoround" ⁹ and delay attribution administration is probably the largest single cause of UK Rail's relatively (compared to other states' railways) high costs. For these reasons there must be a significant doubt as to whether the industry can deliver the **£3.5bn savings** "identified" by the **McNulty report** and being pursued by the new Rail Development Group.

3.3 As a way of mitigating the adverse effects of fragmentation, **vertical Integration of track and train** is a possibility on free standing networks and lines ¹⁰. Elsewhere a useful first "step down" could be the sort of virtual vertical integration experiments currently being worked within the "deep alliance" between SW Trains and Network Rail.

3.4 ORR's aspiration for a bigger role in monitoring performance and for passengers to have a single organisation to protect their interests and handle their complaints is sensible ¹¹. Passengers' rights, including the way that

⁵ Published evidence of Northants CC.

⁶ Railtrack was originally in Public Ownership

⁷ Railways Act 1993

⁸ EU Directive on the normalisation of accounts

⁹ Stakeholders "buying" services from each other with often high profit margins

¹⁰ e.g. as proposed by Merseyrail, the Chiltern Rail longer franchise, in Cornwall with Scot Rail, in Wales and with some free-standing micro franchises.

¹¹ TWNW has a longstanding aspiration to see a single multimodal portal for passenger complaints.

complaints are handled, should never be diluted by any decentralisation of rail franchising.

4. Options

4.1 The consultation contains **five options**, each with potential in different franchises. The first three all employ the current single franchise model with variations on PTEs “signing off”, being able to buy enhancements or to take responsibility for specific service groups ¹².

4.2 The last two options are more interesting. **Microfranchising** has been a proposed solution to escalating costs since rail privatisation. The Association of Community Rail Partnerships is keen to trial it. We would support such trials with the caveat that they do not impair the passenger benefits of the integrated railway.

4.3 Devolving entire franchises to an LTA, ITA or appropriate consortia of such bodies (as PTEG ¹³ recently proposed on behalf of the five ITAs in Northern England) also appears to be worth trying. We note that both microfranchising and the proposed “Northern ITA” accord with the Government’s Localism agenda.

5. Summary

5.1 TOWNW can support the general proposal for **Devolving Rail to the Regions**, subject to the overriding axiom that passengers must benefit.

5.2 The **tabulation** below, which we hope is useful, attempts to align these to **specific questions** in the consultation. It also not entirely coincidentally summarises the response we made in April 2012 to the HOCTC on Q5 (Rail Devolution) of their inquiry into “**Reforming the Railway**” (Cmnd 2012)

We would be pleased to enlarge on specific issues either in writing or verbally.

	Question	Summary of TOWNW’s Views
1	Experience of existing devolution	The prime example in the NW is Merseyrail which is the responsibility of Merseytravel. This has worked well, with overall quality of service improving. It has to be recognised though that it is a largely self contained network with only marginal incursions into other LTAs.
2	Achieving objectives	Greater benefits to passengers is the key objective in our view

¹² E.g. commuter services and networks.

¹³ “Rail” Magazine, No 695, 2/5/12

3	What should be devolved?	Funding for infrastructure improvements – e.g. stations, new lines. Responsibility for service specification and performance criteria. Local fares.
4/5	What services might be devolved	Branch lines, especially in rural areas and rail networks serving conurbations and their hinterlands.
6	Views on the five options	Option 4, microfranchising may have some potential but needs care to ensure that network benefits are not lost. Option 5, selected franchises (e.g. Northern) devolved to a consortium of ITAs and LTAs ¹⁴ also appears to have a strong case.
7	Governance	The views/input of all LTAs involved in any one franchise have to be included.
8	Devolved funding	Yes provided it can be kept in line with the Localism Act's newly emerging Central and Local Government transport consortias and the industry's evolving structures.

Thank you for the opportunity of commenting.

Yours faithfully

John A Moorhouse

JOHN MOORHOUSE
COMPANY SECRETARY

Response compiled by Paul Fawcett MPhil FCILT

¹⁴ PTEG's preferred option, subject to repeal of Transport Act 1968 limitation on PTEs operating more than 25 miles from their boundaries.