



## **pteg position statement on rail restructuring**

### **Rail in a devolved Britain**

Our rail network serves an increasingly devolved Britain. Where most of the big decisions about transport were taken in Whitehall, more decisions are now being taken in Edinburgh, Cardiff, and London, as well as in England's major urban centres like Manchester – and through pan-regional bodies like Transport for the North and Midlands Connect. Devolution on transport makes sense because decision makers in the regions and nations of Britain are better placed to determine priorities, to pool diverse funding streams and to make the connections on how transport investment can unlock opportunities for growth.

Devolution on rail is a good example of the positive benefits in practice with investment and performance having been transformed on London Overground, Merseyrail Electrics and Scotrail since powers were devolved. This is because those rail networks have become more responsive to the needs of local decision makers and users, who understand the key role that rail has to play in supporting local economies.

With further powers being devolved to Scotland and Wales to determine their own affairs; more powers for city regions and counties in England through devolution deals with Government; and with Transport for the North and Midlands Connect taking on larger roles, it is clear that a top-down approach to running the railways, or to any structural reform, would be out of step with the realities of an increasingly devolved Britain.

At the same time we fully recognise that the need to retain key national dimensions to the structure, operation, and outputs of the rail network, for example on long distance passenger services, as well as a host of other issues like freight, safety and skills. Devolved entities are fully aware of the key importance to their economies of long distance passenger services as well as ensuring that as much long haul freight as is practicable is carried by rail, and the need to ensure that the interests of these sectors are reflected and safeguarded.

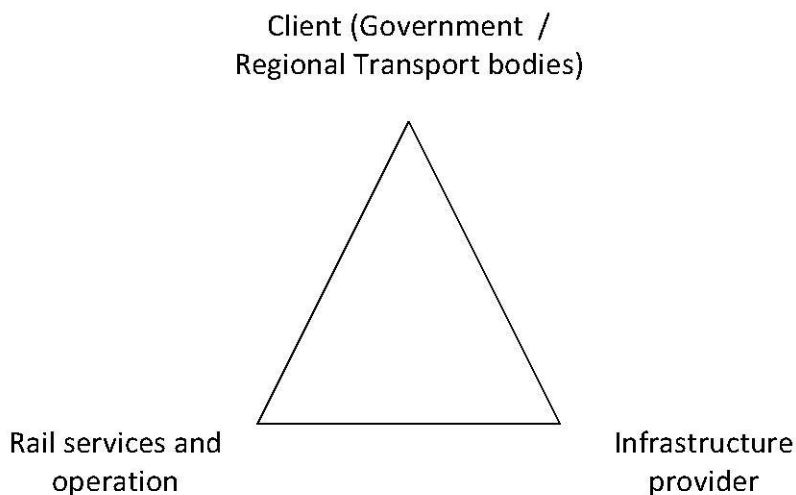
In short, a balance needs to be struck between moving faster to recognise and realise the benefits of devolution in a way that doesn't undermine the standards and integrity of the national rail network as a whole.

## Getting the mapping and overarching relationships right

Network Rail has three key roles on infrastructure delivery – planning and prioritisation; commissioning; and delivery. It is also clearly critical to the operation of the rail network.

In terms of planning and prioritising, and operations, Network Rail (including in whatever form it may take in the future) needs to map on to both the geography of the major devolved entities with strategic responsibilities for rail (such as Scotland, Wales, Transport for the North, Midlands Connect) but also to relate to the respective governance arrangements. In this way, there can be better operational and strategic cohesion on both ensuring the current railway is run efficiently and in the way infrastructure priorities are determined and delivered in line with the wider transport and growth plans of the devolved bodies.

The diagram illustrates how any reforms should be guided by ensuring that the infrastructure provider maps onto both the client for rail services (national government and the devolved regional transport bodies), as well as the way in which rail services are provided.



## Principles and issues for any structural reform of rail

There are a wide range of options for Network Rail reform, from no change through to geographical or functional reorganisation, and from some form of privatisation through to some form of not-for-profit status. Although there are clearly significant implications of different possible reform options at this stage we believe it is important to focus on some of the principles and issues that any reform should address.

## Efficiency and culture

Current arrangements for the delivery of both major and minor infrastructure schemes, which are of key importance to devolved bodies, have proved to be inconsistent and ineffective in delivering improvements in a timely and cost effective way. The process by which schemes are developed and prioritised is also expensive and overly bureaucratic in itself. Even when schemes make it through this processes cost overruns, delays and de facto cancellation of projects are also far too common. We are also concerned that there is a lack of a business-like and accountable approach by Network Rail to clients and funders of infrastructure improvements. Devolved bodies are frequently faced with delays and cost increases over which they are poorly informed, and have no ability to meaningfully influence or to challenge. There is also a lack of clear lines of accountability for decision-making with too many overlaps within Network Rail as well as with other key players in the rail sector (such as ORR).

At the same time where infrastructure schemes have been commissioned and/or delivered by sub-national bodies (such as on the Merseyrail Electric network; additional capacity at Manchester Airport; or works to accommodate longer trains on the London Overground) then we have seen schemes delivered in a much more cost effective and timely way.

Any reforms therefore need to be based on giving greater confidence that the infrastructure provider has the skills and competencies to programme and deliver schemes efficiently and cost effectively as well as focus on cultural change so that Network Rail becomes more business-like and accountable in its relationships with its clients for infrastructure schemes.

On scheme commissioning and delivery, where devolved entities have the capacity, ambition and capability to take on these roles then there should be the option to do so. This can range from individual schemes (such as station upgrades, capacity increases or new routes) through to a wider role on infrastructure (such as on the self-contained Merseyrail Electrics network where devolution of responsibility for service specification has been highly successful).

## Stations

The ownership, management and development of stations is a sub-area where there is scope for any structural review to focus on. Local stations are a key component and hub for wider transport networks, as well as being community assets in their own right. Stations also require the long term view that devolved entities can give them in terms of building their role in local communities, acting as the long term asset manager, and in integrating them with wider local transport and economic strategies. The opportunities to secure better commercial and retail opportunities by building on the synergies with other local transport infrastructure are largely untapped and must be reflected in any review. Devolved entities have a good track record in investing in local stations – including supporting new facilities and staffing. There is scope for accelerating the devolution of responsibilities for stations where devolved entities have the capacity and desire to take them on – up to and including transferring ownership from Network Rail.



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