

## Williams Rail Review: Second Call for Evidence – Objectives and Assessment Criteria - Submission of the West Yorkshire Combined Authority

### Executive Summary

**The railway needs to have clear ultimate objectives** in terms of *why* it exists, expressed in terms of social, economic and environmental policy; the specific outcomes for it to achieve through its operations should flow from those. Success in these terms will be associated with passenger and freight customer satisfaction, but it is essential also to consider non-users and low-users if modal shift and sustainable, socially-inclusive mobility are to be achieved.

**The network can and must achieve far better value for money** in both its day-to-day operations and the delivery of enhancements; its affordability should be considered against such value for money and its success in delivering against its ultimate objectives and the network outcomes set. Simply requiring passengers and/or freight customers to bear an ever-higher proportion of a costs base that remains at current levels is, against those objectives, no answer. Decisions on railway investment must reflect the underlying differences between the regions served, and historic disparities between investment levels around the country – while bearing a strong presumption in favour of “investing to save”.

**The railway needs to become a coordinated and integrated system with a “controlling mind” and shared objectives** as set out in the proposed Summary Problem Statement. Investment must be directed towards these objectives.

**Devolution is critical to enabling those objectives to be set (and strategies developed) by reference to real-world conditions including land-use policies and local priorities, and is the only way to ensure accountability to those most affected by the planning, decision-making and day-to-day management of the railway.** Nor is such devolution in conflict with industry models that promote integration and efficiency. There is strong evidence from international and historic practice that devolution of decision-making, backed up by genuine accountability, is a feature of railways that are successful in meeting their ultimate social, economic and environmental objectives. Evidence also suggests that a railway based on integration and cooperation has potential to be associated with efficiency, with clear, shared objectives, and with better outcomes for the rail user.

**The assessment criteria for any new railway industry structure should reflect the priorities of accountability and value for money, alongside delivery of a service quality which retains existing users and enables rail to expand its modal shares and attract new users to the network** – and need to flow from the problem statement.

**As rail is always a part of a journey (be it of a passenger or of a freight commodity) from an origin to a destination, metrics for performance and cost-effectiveness should be designed around these perspectives,** with, for example, punctuality measured around real-world passenger journeys from true origin to true destination.

**Success criteria must reflect the ability of the industry to play its role alongside partners in all tiers of government, industry and communities** by being reactive to their needs and easy to work with, whilst having its own focused, technically able, and innovative management, and investing in skills for the long-term benefit of the railway and economy.

The principal points from our earlier submission still stand – the full document is appended:

- *The chaos unleashed on passengers and the economy since May 2018 confirms that the current UK organisational and commercial railway frameworks are not working for our region.*
- *The railway should be much more focussed on delivering the service that passengers and freight customers want and need.*
- *Form should follow function - the railway should not exist in a bubble, and requires urgent reform so that it provides the mobility that our society needs, equally well across the country.*
- *The North of England needs a railway structure that supports the ‘Northern Powerhouse’ programme of regeneration, rebalancing and productivity growth through investment, which should primarily be about providing a service to customers and society, with profit being a second order priority.*
- *The railway network is a system. We need a railway framework with aligned objectives, structures and organisational/commercial models.*
- *Rail franchising is not working for our region.*
- *The railway needs to be totally accountable to democratically elected government at national and sub-national levels for rail outcomes.*
- *The railway needs to be open for business.*

### **Introduction**

This submission is made in response to the Call For Evidence made in March 2019, under the heading “Objectives and assessment criteria”. It is further to our first submission, dated 18 January 2019, made in response to the previous Call For Evidence: the two are intended to complement one another so should be read in conjunction.

That previous response (specifically *Section 2. Introduction*) set out the role and overriding focus of the West Yorkshire Combined Authority (“the Combined Authority”).

We would add also that the Combined Authority has been working, and continues to work, closely with our colleagues in Transport for the North and the Urban Transport Group, and their submissions are expected to mirror many of the points we make in this document.

The remainder of this document is set out in the order of the questions set out in the March 2019 Call For Evidence:

1. Key themes and evidence
2. High-level objectives
3. Summary problem statement (Issues constraining the success of the railway)
4. Assessment criteria

## 1. Key themes and evidence

*The evidence papers summarise the key themes and evidence on which the Rail Review will draw in the subsequent phases of our work. Are there other themes or areas of evidence that we should consider? If so, what are they?*

Our previous evidence submission set out a number of areas which we consider relevant to the key themes of the Review. To reinforce and expand on these, we have some further observations, which arise from our review of the evidence papers. Some further points are incorporated within the later stages of this response where they are relevant to the high-level objectives, the summary problem statement, or the assessment criteria. Generally, the Combined Authority considers the three evidence papers (plus the supporting *The Rail Sector in Numbers* document) to offer a sound and valuable basis for the further work of the Review.

### **(a) Current Railway Models report**

It is worth noting that, strictly speaking, the Review is not correct in referring to its prime focus as rail in the UK. This is material because, in the context of international comparisons, the railway in Northern Ireland could be potentially instructive. Whilst hampered by historic low levels of investment, recent years have seen large increases in passenger ridership (there is no freight) on the back of incremental improvements such as full fleet renewal and modest infrastructure improvements. **This is in a system based on vertical integration within the railway, a high degree of “horizontal” integration with co-owned buses, and full public ownership – as well as, by definition, full functional devolution.**

We would also offer some clarifications to what is said with regard to Switzerland.

- SBB<sup>1</sup>, the federal railway, is not the whole story, and it is useful to consider this further, particularly from a devolution point of view. There are numerous other operators, ranging from those like BLS operating interregional axes of international importance, through canton-wide networks (such as Rhaetian Railways [RhB]) via city-oriented networks (e.g. Baseland Transport) down to individual local lines running a few miles, owned and operated by the communities they serve. Whilst taking the legal form of private companies, these are almost entirely publicly owned, but such ownership can take many forms, showing that this may be one way of securing devolution (notably, often legal ownership of the “Privatbahnen”<sup>2</sup> is shared between more than one body, e.g. cantons and communities).
- While nationally owned and managed, SBB’s own regional operations also allow for a high degree of determination of services (including branding and service /

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<sup>1</sup> In full, SBB/CFF/FFS to reflect the three linguistic zones in which it operates.

<sup>2</sup> This slightly confusing name arises from the railways being legally “Aktiengesellschaften”, i.e. companies limited by shares – but the shares are almost always either entirely or overwhelmingly owned by one or more public entities. Those companies then have operating “concessions” – but not in the sense understood in Britain, as they tend to last for decades and give the operator full powers within the national timetable and fares systems.

rolling-stock specification) by regionally devolved bodies such as cantons. One example is TILO, an independent body formed of a collaboration between SBB and Trenitalia with a view to enhancing cross-border services in the Ticino / Lombardy region. Rolling-stock is supplied and maintained by the two parent state railways, maintaining economies of scale, but services and branding are regionally determined. There is full integration with other public transport modes, and TILO played a lead role in the specification of a new cross-border line.

- Contrary to a suggestion in the paper, Switzerland has seen major timetable recasts – the important point (we refer to this later in this submission) is that these have been meticulously planned and integrated, with timetable leading infrastructure and rolling-stock. The obvious example was the progressive introduction through the 1980s of the *Integraler Taktfahrplan*<sup>3</sup>, and its development into the Bahn 2000 programme<sup>4</sup>.
- As noted below, subsidy in Switzerland per passenger-km is generally at similar levels to those in Britain, despite the world-class outcomes achieved by the former. This arguably reflects the economies of sustained capital investment as well as efficient delivery. It should be borne in mind that despite high usage and modal shares, not all trains in Switzerland are busy – some are actually fairly empty and therefore costly to run, but it has been accepted they need to operate in order to realise the full value of an integrated, comprehensive network: in other words, the poorly-loaded trains have an option value much greater than their direct financial performance implies.

It is not strictly correct to suggest that there have not been line closures or service cutbacks in Japan: some rural areas have seen these, with links being drawn to demographic changes, particularly rural depopulation.

In general we suggest that the paper to a certain extent might be said to miss the point in terms of a “tension” (arguably, a conflict) between timetable integration and competition: Switzerland achieves its service structure by essentially not allowing open-access competition in the passenger sector; the Netherlands equally do not have it at present, with private-sector operation instead being via concessions within the integrated timetable structure – e.g. to operate a given set of branch-lines from a nodal station. The problem can be seen in EU examples such as Austria and the Czech Republic, in both of which countries (especially the latter) a sustained programme to build up a nationally integrated ITF could be argued to be threatened by private operators exercising open-access rights that EU law has given them to compete against incumbent operators: this can lead to sub-optimal timetabling, to sub-optimal network capacity utilisation, and to a dilution of cross-subsidy by reducing total profit on mainlines and abstracting some out of the railway to the private owner. In Britain, which at present has strict rules on revenue abstraction, it is however right to acknowledge that open-access operators such as Grand Central have brought real value by providing services that the main franchisees have not –

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<sup>3</sup> Integrated clockface timetable with an emphasis on regular intervals and guaranteed connections.

<sup>4</sup> See e.g. [https://en.wikipedia.org/wiki/Rail\\_2000](https://en.wikipedia.org/wiki/Rail_2000)

though it could be argued that the success of such independent operators demonstrates the lack of innovation from the main franchised train operators.

While this paper is useful, it could be argued that it would also have been helpful to compare historic practices in Britain and possibly elsewhere: a comparison over time as opposed to spatially. By some metrics, British Rail was highly successful; by others it can be argued to have underperformed – learning from this (“then and now”) could well be instructive in a number of specifics.

### **(b) The Rail Sector in Numbers**

We would suggest there are some additional points to be borne in mind with regard to the information in this paper:

- Building on the point made above, it would be helpful if, where possible, time series could extend back before the mid-1990s, i.e. privatisation.
- The comparison of costs somewhat surprisingly excludes the **cost of the private car – on most flows overwhelmingly the dominant competitor mode**, and one whose perceived operating cost has tended to decrease as rail fares have risen
- The point regarding the socio-economic makeup of rail users (that they tend to be more prosperous individuals) is sound as far as it goes – but for true validity needs to be seen against the fact that this applies to travel as a whole (i.e. all modes), as well as to most individual modes (especially car and, overwhelmingly, air), though not to bus and probably not to active modes. The essential point is that the rich are more mobile. This underlines the point we have emphasised, **that rail needs to perform better as a tool for social inclusion, linking deprived communities in an accessible and affordable manner to opportunities**; a classic example of how this can be done is the role of rail in rescuing the Cardiff Valleys from full collapse in the wake of the decline of the coal industry.
- The freight statistics emphasise tonne-km as a measure; *tonnes lifted* would be less flattering to rail – during the 1990s, “growth” in rail freight was largely due to carrying imported power-station coal long distances, replacing local sources used up until the 1980s. Tonnes lifted would underline that rail freight has in many respects stagnated since privatisation (in its last years BR shed much marginal or directly loss-making freight traffic in preparation for privatisation).
- Congestion: it would be more instructive to use train-km/day per km of *track*, not of *route* – because in much of GB the railway was pared back in the 1970s and 1980s to a far greater extent than on comparator networks. While for example the Swiss network is shown to be roughly 50% more heavily occupied than the Network Rail system, SBB has a significantly more generous amount of track at its disposal on each route and at each station.
- Talking about growth in passenger demand is of limited value without an absolute number, such as rail travel km per person per year or modal shares, both of which measures show Britain to be performing in “mid-table” in European terms,

with rail use and modal shares greater in several comparator countries, often markedly so (such as in Switzerland, the Netherlands and Austria).<sup>5</sup>

### ***(c) The Role of the Railway in Great Britain***

We have made in the following section (“High-level objectives”) some observations which we suggest are pertinent to defining the role the railway should be playing within society as a whole.

### ***(d) The User Experience of the Railway in Great Britain***

Much of this paper is a useful factual survey to underpin the Review’s work, containing many valuable insights. However (and noting that some of the observations made above are material to this paper too):

- Regional trends: We suggest there is **insufficient emphasis placed on the radical changes in rail use in the non-London city regions** – a step-change in its role which has not been accompanied by concomitant investment in trains nor infrastructure. It could be argued to constitute the greatest single challenge for rail network infrastructure and service planning at present.
- **Disabled people**: It seems surprising that this section does not directly highlight the extent of the problem in terms of an accessible rail system, including trains but in particular stations – although it is explored in more detail in the *Stations and Accessibility* section. It is also worth highlighting that a system that is complex for all passengers to navigate and understand may be even more challenging for those with many types of disability.
- Less frequent users of rail: As discussed further below, we would wish to see **more emphasis placed on understanding those who currently do not use the system at all** (alongside those who use it seldom). This is especially important where it comes to freight, given the large number of industry sectors which either do not use rail freight at all or in which it is marginal.
- Passenger satisfaction / Rolling stock: It is suspected that NRPS and similar tend to reflect passengers’ expectation levels, particularly on “quality” matters such as comfort of rolling-stock: in much of the North, for example, if a train is on time and has seats, it may well be considered satisfactory – the fact that it is 30 years old, dirty, in poor repair and uncomfortable would however limit its appeal if the alternative is a new BMW even on congested roads<sup>6</sup>. Franchise specification and monitoring mechanisms tend to lead to a box-ticking compliance culture, where, for example, new trains are not built to reflect benefits deemed intangible or not material to a “metric”, such as comfortable seating and windows that align – they are procured rather simply to provide a given number of seats. **The passenger experience needs to be objectively attractive rather than rail being a “distress purchase”**. The five priority areas quoted from the Transport Focus work underline this point: they should be considered the basics that can be taken

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<sup>5</sup> See <https://reporting.sbb.ch/verkehr>

<sup>6</sup> This “circularity” can be seen by comparing overall passenger satisfaction scores of 74% quoted in the paper for British railway in autumn 2017, against 75% for Swiss rail passenger services. It is likely that this overwhelmingly reflects differing levels of expectation. (Source: <https://reporting.sbb.ch/qualitaet?rows=11,14,17,18,23,24,25,26&years=0,1,4,5,6,7&scroll=816>)

for granted, rather than things to aspire to. The commentary with regard to Arriva Rail North fleet renewal is potentially somewhat misleading as, while the Pacer trains are indeed to be withdrawn, the bulk of the fleet will continue to be old (arguably obsolete) vehicles such as Sprinters and the average fleet age at the scheduled end of the franchise will decrease only from 27 to 25 years – in this context it is not clear of the relevance of the statement that the new fleet was larger than was required for the franchise.

- Performance: As discussed in more detail below, **we favour developing a measure analogous to that used by Swiss railways, which both measures real-world passenger journeys and incentives passenger-friendly practices.**
- Stations and accessibility: The ways in which passengers gain access to the network (and egress from it) are highly important too. While other modes are clearly outside the scope of the review, **the current structure of the rail industry makes intermodal integration (and therefore sustainable access to / egress from stations) exceedingly challenging.**

## 2. High-level objectives

*Has the Review identified the right high-level objectives as set out in Chapter 2?*

This chapter states:

*Great Britain needs a safe and secure railway that is delivering the right outcomes for:*

- **Passengers:** *Higher passenger satisfaction and greater public confidence through improved value for money*
- **Taxpayers:** *Improving long term affordability and value for the taxpayer*
- **Wider society:** *Growing social, environmental and economic contributions to the country (including through promoting freight traffic)*

The Combined Authority is generally in agreement with these “objectives”, but would make some further observations, which build on key points from our previous evidence submission, as identified in bold type:

(a) *Ultimate objectives.* It could be argued that these objectives are more in the nature of *outcomes* for the railway. As stated in our earlier submission, **Form should follow function** – and true “high-level objectives”, we suggest, are those which define that function, i.e. that seek to answer the question “*Why are we running the railway?*”<sup>7</sup>. Answers to that question as to the true *role* of the railway would be likely to include matters such as:

- to improve standards of living via an efficient and productive economy;
- to promote social inclusion;
- to aid the transition to a sustainable post-carbon economy;
- to improve and protect quality of life.

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<sup>7</sup> These topics, and in particular the value of rail in sustaining and developing a true “Northern Powerhouse” economy, were explored in more detail in our previous evidence submission.

We suggest that the outcomes listed in Chapter 2 correctly sit beneath such top-level objectives – and whether those outcomes are the right ones can be considered by asking whether they speak to those objectives. We consider that, subject to the following further comments, they broadly do.

- (b) **Passenger satisfaction. The railway should be much more focussed on delivering the service that passengers and freight customers want and need.** Higher passenger satisfaction is certainly an essential measure of the success of the railway within itself, and an indicator of its likely success in meeting the top-level objectives for its role in society: a railway failing to achieve passenger satisfaction is unlikely to attract new passengers, and therefore via modal shift and expanding sustainable mobility to meet those objectives. However, the same applies in much the same way *pari passu* to freight customers too, and we therefore recommend that they should be mentioned.
- (c) **Non-users. Form should follow function – the railway should not exist in a bubble, and requires urgent reform so that it provides the mobility that our society needs, equally well across the country.** For the railway to be truly effective against the top-level objectives we suggest above, there needs to be more emphasis on those who do *not* at present use it: while the railway achieves impressive modal shares on some passenger (and even some types of freight) flows, overall its role within the transport mix as a whole is limited – with impacts both on the consequences of less sustainable, less inherently efficient, modes being used, and on the opportunities open to those whose options in life could be enhanced by attractive and accessible public transport. On the passenger side, those who do not at present use the railway include (though are not of course limited to):
- those who choose not to use rail because it is unattractive, but could do so (this could be addressed by the types of interventions that might drive satisfaction amongst existing passengers);
  - those who struggle to afford the railway specifically and/or public transport in general (a priority from a social inclusion point of view, to the extent that such exclusion may well drive wider exclusion from opportunities in work and education, as well as a poor quality of life);
  - those whose needs are not addressed by existing service patterns (such as those who work non-traditional hours);
  - those whose needs are not served by the current network geography (this might be addressed by better intermodal integration, and in some cases by new stations or routes)

Needless to say, these categories are also relevant to those who (like much of the population) *do* sometimes use the railway but potentially could do so more. Understanding better the motivations and needs of such non-users and low-users would yield invaluable evidence on the future outputs the railway should achieve.



(d) *Value for money.* **The North of England needs a railway structure that supports the ‘Northern Powerhouse’ programme of regeneration, rebalancing and productivity growth through investment, which should primarily be about providing a service to customers and society, with profit being a second-order priority.** Value for money appears twice in the outcomes listed. A more cost-effective railway must be a priority in terms of the overall costs of operating an attractive public service and of delivering enhancements (i.e. both operating and capital costs) – this is the case for reasons of public confidence in the industry, and in order to justify the investment that is needed to enable the railway – especially in the North of England – to unlock its true potential and play a full role in the transition to a sustainable and socially inclusive post-carbon economy for the benefit of society as a whole. However, value for money and affordability must be considered in the right way: it is about achieving better outcomes for the same money as now, and/or achieving the same outcomes for less money.

“Affordability” must not be a matter of simply spending less from one source by transferring the cost elsewhere: for example, continuing the annual “fares escalator”, as a means of reducing the proportion of industry income borne by central Government at the cost of the fare-payer, does not address the cost-inefficiency in the industry, and goes directly against the objectives of railway in terms of social inclusion and of moving towards sustainable mobility by means of modal shift. Value for money must apply to the passenger (and freight customer) too, with affordable fares and tariffs that do not act as a barrier to use. Similarly, “affordability” through “buying less” is no solution: a striking example has been the failure of the Great Western (and to an extent North-West) electrification schemes: excessive cost escalations were not met with a timely and thorough review of working, technical and project-management practices but through scope reductions that have led to the mass procurement of inefficient bi-modal trains and contributed to the rolling-stock crisis in the North. In other words, as discussed further below, the wrong “trade-offs” are being assumed and applied, to the detriment of the railway’s effectiveness in its own terms and against its top-level objectives. “Investment to save” must be at the heart of the new approach to rail. It is also worth emphasising that a railway that achieves better value for money, and is (as advocated in our previous evidence submission) “open for business”, will also be far more likely to be capable of attracting new sources of external funding, be it from private or public sources.

Similarly, improved efficiency in operation and in delivering infrastructure enhancements can and must be fostered by the railway becoming more open to innovative thinking, including challenging standards where appropriate; such openness can be seen in other safety-critical industries (such as aviation) – and can have the further benefit of making it easier for new suppliers (including SMEs) to enter the railway supply chain.

While improved value for money, as properly defined, must therefore be a prime outcome of industry reform, we suggest that the first outcome is wrong

to elide value for money with public confidence (and passenger satisfaction), so would suggest that the two be separated in order that each can be afforded its proper weight.

(e) *Regional differences.* A feature of the British economy at present is its imbalanced nature, with major products of deprivation and economic under-performance at local and regional level – and more generally between the North and the London & South-East area<sup>8</sup>. This characteristic can be observed “writ large” in the railway: the railway in the Leeds City Region (and the North more widely) has for the most part received little significant investment since British Rail days, and wherever this applies the result is that it underperforms against most major criteria (journey times, frequencies, rolling stock quality, punctuality and reliability, capacity and modal share) and cannot realise its potential in terms of strategic objectives. This is both a symptom and a cause of the economic imbalance: the decades-long assumption that rail was of limited relevance in the North contributed to the investment famine, and the poor connectivity to which this contributes has held the region’s economy back.<sup>9</sup> This has been exacerbated by passenger demand forecasting and investment appraisal methodologies that do not reflect the situation in the North and disfavour investment outside London and the South-East, especially in the regional connectivity on which our economies depend. It follows from this that **different parts of the country will have differing needs which will have to be addressed in rail strategy if the economy is to be rebalanced.**

It follows from the above that we would suggest that there is a case for the following being a potentially better wording for the outcomes (objectives), corresponding to those in Chapter 2:

*Great Britain needs a safe and efficient railway that is delivering the right outcomes for:*

- **Passengers and freight customers:** *through consistently achieving high levels of satisfaction and being responsive to the needs of those who use and fund it;*
- **Funders:** *through improving long-term affordability and value for money for the taxpayer, fare-payer and freight customer as well as external funders;*
- **Wider society:** *Growing social, environmental and economic contributions to the country, including through:*
  - *modal shift from less efficient and sustainable modes of passenger and freight transport*
  - *supporting the growth of the industries of the future*
  - *creating new and enhanced access to opportunity*
  - *being accessible to all regardless of socio-economic status or disability*

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<sup>8</sup> See for example the work of IPPR North, <https://www.ippr.org/economics-prize/about-the-prize/> - “The UK economy is the most regionally imbalanced in Europe”

<sup>9</sup> See e.g. <https://transportforthenorth.com/onenorth/> and <https://transportforthenorth.com/northern-powerhouse-independent-economic-review-outlines-opportunity-transform-north-850000-jobs-2050/>

- *being accountable at local, regional and national level.*

## Trade-offs

The Review papers refer at a number of points to “trade-offs” that the railway will always need to make between outcomes and/or between outcomes and cost. This is clearly correct. However, they need to be the *right* trade-offs, based on:

- The railway achieving operating and capital costs at levels that bear comparison with international and historic peers (otherwise costs trade-offs are spurious and sub-optimal choices will be made – such as the Great Western example above);
- Full understanding of the differing needs of different parts of the country (and so of the railway), including but not limited to a recognition of the different baseline situation from which the railway in the North is starting in comparison with that in London and the South-East, as a result of the historic disparities in investment levels – this implies meaningful devolution of rail governance and decision-making made by those with the fullest understand of local and regional priorities;
- A better balancing of short- against long-term costs, with a stronger emphasis on “investment to save” (see panel) which drives the long-term effectiveness and cost-efficiency of the railway – classic examples are the benefits of rail electrification and of signalling/train control upgrades;
- Appraisal and forecasting methodologies that are fit for purpose – so that the real benefits of rival interventions are better understood.

As stated in our previous evidence submission:

**The railway network is a system. We need a railway framework with aligned objectives, structures and organisational/commercial models. ... Rail franchising is not working for our region.**

A very real trade-off to be considered in this context is that between national coordination (the value of a “single controlling mind”) for the railway and the imperative of effective and meaningful devolution. Lessons from other countries suggest that **a nationally coordinated system is not inimical to devolved accountability**, be that in a national publicly-owned rail network (such as SBB) or via regional or local operations (also applied in Switzerland) – it could be said that **what is important is how the “single controlling mind” is directed and to whom it is accountable**. There may however also be efficiency trade-offs between a single entity (such as a “national railway”) and a system made up of smaller entities – i.e. economies of scale. We hope that the Review will explore these critical areas further.

Any structural solution that retains multiple different bodies constituting the railway is liable to create not only complication and diseconomies of small scale, but also risks creating interface costs, which contribute to the costs and inefficiencies of the current system. Where these bodies are in the private sector, “profit leakage” can exacerbate the costs consequences.

Under the current system – and to a greater or lesser extent any that retains for-profit private sector involvement – there is an unavoidable trade-off between serving

the interests of owners and those of passengers, customers and those whose interests the railway serves; there is arguably the scope for this to be a conflict. Some would argue that this needs to be balanced against the perceived incentives that a profit motive is believed to create in terms of overall organisational performance – though the evidence that this incentive is significant is not clear when comparing railway operations of varying models. Our previous evidence submission showed examples from Northern and Trans-Pennine service planning of where an approach driven by TOCs' profit (revenue and operating cost) motives led to choices different from those that a strategically minded body might have made.

Without taking these vital factors into account, trade-offs will not be based on the fullest and most balanced evidence, and so will not be sound.

#### ***Case study – Investing to save: Swiss Federal Railways***

Since the 1980s, a policy of coordinated long-term capital investment, allied to integration across public transport and a high degree of devolution of regional transport, has helped produce one of the world's most effective railway systems. As a result of such policies, Swiss railways (across all operators) achieve a modal share of 16.5%, within a total modal share for public transport as a whole of 20.3%<sup>10</sup>, values around double those pertaining in Britain. The average distance travelled by rail annually per head of Swiss population is well over double the UK's value<sup>11</sup>, and recent growth in total rail demand has paralleled a stagnation in car use and falls in young people learning to drive. These results are achieved on a network which receives similar levels of subsidy support to the British system<sup>12</sup>.

This may be compared with instances such as the Great Western Mainline upgrade, which if anything has added cost by tying passenger services for a generation to the use of costly and inefficient bi-modal trains.

### **3. Summary problem statement**

*Has the Review identified the key issues constraining the success of the railway in Chapter 3? What relative priority would you place on them?*

This chapter states:

- *The rail sector too often loses sight of its passenger and freight customers;*
- *Over recent years it has come to lack a single strategic direction;*
- *It has become fragmented and accountabilities are not always clear;*
- *The sector needs to be more productive and tackle its long term costs; and*
- *The sector is struggling to innovate and adapt.*

These statements are, in our view, correct, and align fairly well with the “headline” points of our previous evidence submission. The first two points are closely linked to

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<sup>10</sup> 2017 figures in passenger-kilometres; from <https://reporting.sbb.ch/verkehr>

<sup>11</sup> 1,040pax-km/head/year in GB as against 2,451 in CH – *ibid*.

<sup>12</sup> The comparison is of SBB (which does not comprise the full network) against the British system (TOCs plus Network Rail direct grants); in some years SBB has received less than the British railway but in other years this is reversed.

the question, discussed above, of the need for clear overriding objectives for the railway within our society, driving an explicit set of outcomes – and then specific outputs for the network to achieve (at the level of, for example, punctuality targets or crowding standards).

*Integration:* At present **the passenger railway operates not so much as a system as in the form of a collection of services that run between various points:** it does not consider the real-world journeys that passengers need to make, even from their origin station to their destination station, let alone from door to door. Partly for this reason, rail's modal shares are extremely patchy, with high values being achieved for radial flows into city centres where there has been investment in service quality (an example in West Yorkshire is the Airedale and Wharfedale routes, which achieve modal shares of 75-85% for Leeds commuting flows) but negligible shares of more complex journeys. Research has repeatedly shown high values for “interchange penalty” compared with systems built around easy and reliable interchange<sup>13</sup> - this reflects the lack of a strategic view towards the design of timetables with regard to travellers' real-world journeys.

But it is not only individual routes and operators that appear to exist in isolation from one another – **there is a consistent failure to bring together rolling-stock, infrastructure and long-term timetable planning into a coherent strategy.** The Northern Hub and May 2018 timetable are a prime example (see Case Study box, with a comparison against an example of good practice). The reasons of this are discussed elsewhere, but it is relevant to underline in particular the wide variety of vested and conflicting interests within the industry that together militate against best practice being adopted.

***Case study – Coherent planning: Northern Hub vs. Prague – Plzeň***

The former Northern Way developed the concept of the Manchester Hub (latterly Northern Hub) as a package of interventions designed to alleviate deep-seated network capacity and reliability issues around Manchester which had wider impacts across the North, while also creating new regional connectivity. While it was not accompanied by a full timetable concept and it was not possible to specify firmly the types of train that would be used on each service, a train-service specification was developed to guide the design of infrastructure. However, in the event, the full scheme was not delivered; alternative service specifications were “reverse-engineered” to fit the infrastructure central Government was willing to provide – in particular, capacity enhancements in Manchester Piccadilly and along the Castlefield Corridor were removed. These changes undermined the value of the Ordsall Chord, and, accompanied by an overoptimistic re-writing of the relevant timetable planning rules in an attempt to fit too many trains along the corridor, contributed to the service collapse in May 2018.

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<sup>13</sup> See PDFH, also *Large Changes In Generalised Journey Times Study* (ITS Leeds & Mott MacDonald, 2012; counter-examples where interchange is taken for granted as a principle of comprehensive connectivity would be the Netherlands, Czech Republic and Switzerland.

Another instructive facet of the Northern Hub was the upgrading of the Calder Valley line between Manchester and Bradford: conceived against a target journey time of 50 minutes plus capacity increases, the work was completed in stages between 2016 and 2018. However, because the franchising systems made it impossible to specify the type of rolling-stock to be used on the route, the linespeed improvements were designed for a lower specification of train than was ultimately selected by Arriva Rail North, so the speed profile constructed is sub-optimal: a new class 195 would have been able to run at speeds the assumed class 158 could not have reached. In addition, despite the completion of all works in autumn 2018, it is likely to be December 2019 before the timetables are corrected to match linespeeds. At present, some journey times remain slower than they were in 1981.

A counter-example is the mainline connecting Prague with the Czech Republic's fourth-largest city, Plzeň, a distance of around 100km. Historically this took around 90-100 minutes. In planning for speed improvements, it was recognised that the principles of clockface timetables would mean that a wide variety of connections would be unlocked at either end if the journey time could be brought down to below one hour (around 57-58 minutes is normal where this system is used, enabling hourly connections at each end). This wider approach to timetable planning has regard to the full journey a passenger is making, and in this instance led to a major programme of upgrades on the line, with cut-offs and speed enhancements delivered allied to the performance of existing and planned locomotives. Speed improvements have been delivered as and when the infrastructure was ready, with the journey time now down to 63 minutes – when the scheme is complete, the drop below one hour will allow Plzeň's main station to function as a full connectional node. This approach has been driven by a strategic long-term overview of the timetable, infrastructure and rolling-stock as a whole, with clear system output (hourly trains with a journey time of less than one hour from Prague) identified at the outset – and stuck to<sup>14</sup>.

The problem is however larger still than this: **the railway in Britain can be seen as operating in “splendid isolation” from other means of transport**, with (outside London) integration with buses in particular being exceedingly difficult to plan. This is inimical to creating a public transport network that is attractive for a wider variety of journey types and purposes – an outcome that is essential if the Combined Authority's social, economic and environmental objectives are to be met. It follows from this that joining up public transport policy as a whole – and rail policy in particular – with regional and local plans for economic, spatial and social change is very challenging.

A linked issue is that the rail in **the North has for decades been “behind the curve” in terms of providing for capacity**, playing “catch-up” with growth that the industry perennially fails to forecast, with poor demand and benefits modelling allying with unsuitable appraisal methodologies to leave the North's railway dependent on

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<sup>14</sup> The principle of designing journey times to meet a timetable concept (“as fast as necessary”) rather than designing a timetable to what given infrastructure will allow (“as fast as possible”) is inherent to integrated clockface timetabling, i.e. the *Taktfahrplan* concept. Similar examples can be seen in a process of “real-time” development in the Czech Republic (Prague – České Budějovice with a target of under two hours) and complete in Switzerland (upgrade of Zürich – Bern to achieve a 56' journey).

repeated underspecified “sticking-plaster” interventions, rather than being ahead of the game as a strategic approach to capacity and connectivity planning would enable. Given the ample evidence of historic and predicted economic growth in Leeds city centre<sup>15</sup>, for example, a well-functional railway would have been aware that greatly increased train (and network) capacity into the city would be needed, and would have provided for it in good time. Similarly, at present there is major housing growth around Pontefract, but the Combined Authority has so far struggled to make the case for the improved rail connectivity and capacity that should accompany this.

**The railway must be accountable to those that use, fund and benefit from it;** as discussed above and in our previous evidence, a crucial part of this must be *meaningful* devolution of rail in the North to bodies with *genuine power* to make decisions, guide planning and enforce agreements: see Case Study below. This demonstrates that **true devolution must encompass genuine power (to specify, to manage, to enforce), as well as accountability of the devolved body and governance structures that ensure members’ priorities are put into practice.**

#### ***Case study – Partial devolution in the North?***

The Trans-Pennine and Northern franchises have been subject to a partial devolution that does not meet the North’s needs in terms of decision-making or accountability. Transport for the North (TfN, formerly Rail North), and through it transport authorities such as ourselves, had some role in informing the specification of the franchises. However, the franchise agreements were ultimately signed solely by the Secretary of State. In consequence, despite the existence of the Rail North Partnership, under which franchise management responsibilities are considered shared ultimate decision-making power remains firmly with DfT. In consequence, it has appeared difficult for TfN to ensure that franchise commitments are enforced and so that the interests of rail travellers in the North are protected, despite TfN having reached clear positions via its own democratic governance processes.

An example has been that TfN were unable to ensure that sufficient capacity was in place on the TPE franchise in May 2018, specifically on the severely crowded North Trans-Pennine route, with new-build stock having been delayed and a franchise commitment to utilise additional older vehicles on a temporary basis not having been enforced. TfN member authorities including the West Yorkshire Combined Authority made their view clear, that additional train capacity was essential if the May 2018 timetable concept was to be introduced successfully, and sought dialogue with the operator both directly and via TfN as to options to achieve this. However, such meaningful dialogue did not take place, and ultimately the timetable changes went ahead with no additional trains in service. As a result, crowding conditions became worse. The situation became worse when, after train performance collapsed from May 2018 and it became accepted that the relevant timetables were unworkable, TPE developed plans to improve performance that would have been wholly unacceptable in terms of cutting connectivity – but did consider alternatives that

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<sup>15</sup> See e.g. Deloitte’s *Leeds Crane Survey 2019*: <https://www2.deloitte.com/uk/en/pages/real-estate/articles/leeds-crane-survey.html>

would have required additional resources and/or curtailing revenue-generative routes that were not critical to capacity provision. In December 2018, the situation became still worse with further peak trains-being de-strengthened (6 carriages to 3) as a result of initiatives to increase trains' turnarounds. At the time of writing this submission, it is understood that the position will become even worse in May 2019, with, as a result of a further timetable change and continuing delays to the new fleet, the last peak TPE trains serving Leeds that are still six carriages being halved in length. This is believed to represent a 38% *reduction* in train capacity in the morning high-peak hour on fast trains from Huddersfield to Leeds, one of the most crowded routes in the country. At every such timetable, the Combined Authority (and our counterparts in other regions such as Greater Manchester) have not only protested but proposed concrete alternative plans, but these have been either dismissed summarily or ignored. We consider that the reduction in capacity was entirely avoidable but a symptom of an inability of TfN to manage the franchise effectively in the face of a de facto veto in DfT.

If franchising – or the provision of passenger rail services by any private-sector arm's length body – is to continue, the devolved body must have the power and discretion to ensure that the enforcement of franchise agreements is carried out whenever this is in the interests of the passenger, rather than decisions being taken in London that have direct impacts on the ability of people in the North to reach their work and education. If this does not happen, it could be argued that the franchise agreement becomes a valueless document.

It follows that what is required is meaningful devolution, to bodies that:

- are representative of the regions they serve
  - are democratically accountable
  - have the powers needed to ensure the rail system delivers, including the ability to enforce agreements with operators and to make strategic planning decisions
  - are funded sufficiently to make their own investments and funding decisions
  - have a seat at the table of national strategic rail planning,
- and to whom the train operator is genuinely accountable and answerable

Tackling cost has been discussed above; in addition to this, the railway at present does not inspire confidence that it is consistently able to develop and deliver the most appropriate solutions to identified needs, tending to lack flexibility and pragmatism – and so stifle potentially sound innovation.

In summary, therefore, we would suggest the following additions to the summary problem statement:

- *The rail sector too often loses sight of its passenger and freight customers;*
- *~~Over recent years-it has come to~~ lacks a single **clear** strategic direction **and long-term vision to guide planning decisions**;*
- *It has become fragmented and accountabilities are not always clear;*
- ***The railway is not integrated within itself, nor with public transport as a whole, making it difficult to align its priorities with economic and spatial planning***



- *The sector needs to be more productive and tackle its long term costs; and*
- *The sector is struggling to innovate, ~~and~~ **adapt and respond flexibly and pragmatically to user and stakeholder needs***

#### 4. **Assessment criteria**

*Do the broad assessment criteria in Chapter 4 capture the right issues against which the Review should test its proposals? What priority should we attach to each and how should we balance trade-offs? Are there other issues we should consider?*

Again, the Combined Authority is in broad agreement with what is proposed here, but we have some additional observations. Clearly there is significant overlap between several of the outcomes listed (such as that performance improvements and value-for-money fares will drive public trust in the industry), but we do not see this as a difficulty with the expressing the outcomes in this way, nor do we see any obvious advantage to grouping the outcomes in a different way to that suggested.

The first group of outcomes is under the heading “*Passengers*” – we need also to have equivalent entries for freight customers (and future customers) – the entry under “The Fundamentals” section is good as far as it goes, but the needs of the ultimate customer (as opposed to just those who current operate freight trains) need to be more explicitly reflected.

***Performance: The measures chosen need to have the passenger and customer at their heart***, and not drive a “compliance culture” (or indeed a blame culture) and perverse behaviour (such as incentivising early departure and failures to hold connections), as can happen with the current measures, especially PPM. Again the Swiss experience is instructive: while a simple (albeit demand-weighted) arrival punctuality measure gives a 90.2% score for 2017 using a 3-minute threshold, the preferred measure is one that reflects passengers’ actual experience in terms of their end-to-end journey – passenger-weighted connectional punctuality. Because this more advanced measure considers a passenger’s arrival at their true destination, small delays that do not in fact affect that journey (because for example a connecting service is still made) are ironed out and need not be counted, reflecting and incentivising a passenger-friendly approach to timetable planning and operational decisions. As a result, the revised score under this measure is significantly higher: 97.2% for the same year<sup>16</sup>. Comparison of these numbers illustrates that the legendary Swiss reputation for punctuality is not so much about trains arriving at every station on time, but about passengers’ real-world journey experiences being reliable as a whole. We would advocate a similar approach for the British passenger rail network as an important tool in driving and measuring improvements in performance that can be directly felt by travellers. It is also worth noting that SBB

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<sup>16</sup> Source: <https://reporting.sbb.ch/qualitaet?rows=8,9,11,14,17,18,23&years=0,1,4,5,6,7&scroll=490>, with 2017 figures used for “Kundenpünktlichkeit” (simple punctuality) and “Kundengewichtete Anschlusspünktlichkeit” (the more advanced measure reflecting true journeys). Details of how this approach works are in the Appendix.

also use a demanding 3-minute delay threshold for freight transport, achieving 74.9% in 2017<sup>17</sup>.

*Value for money:* As discussed above, this needs to cover the matters listed, but also to address the need for the railway not to exclude socially due to fares levels that are unaffordable for potential users: **the level of fares should not be a significant barrier to use of the railway**, including by the unemployed / low paid, by families, by students and the retired. **Fares must also be at levels that are attractive compared to alternative modes** – and can be readily accessed by the non-expert user for journeys of all types, regionally, nationally, internationally and across modes – in order to achieve modal shift from car and aeroplane. In other words, it is about *affordability and price-competitiveness*. Single-TOC pricing regimes, arbitrarily different fares rules between TOCs, and unhelpful innovations such as TOC-specific smart-cards and Advance Purchase On The Day tickets have confounded complication and confusion while doing little for overall competitiveness. It might be argued that a move away from net-cost (revenue-risk) franchises would be beneficial by allowing the creation of one nationwide and/or regional fares regime.

#### ***Case study – Attractive fares?***

The Cross-Country network has over an extended period moved away from catering to one of its core traditional markets, families from the North taking a holiday in the South-West. Taking the example of a family of four wishing to travel from Leeds to Torquay for a week, booking around a month in advance, the cheapest fares available total over £400, with flexible tickets (in standard class) closer to £500. While a Family & Friends railcard can reduce this to £200-300, this is wholly uncompetitive with a likely car fuel cost of under £100.<sup>18</sup> Similarly, a one-day business trip from Leeds to Birmingham, booking two days in advance, can be expected to cost around £130 (some restricted advance-purchase tickets are available from around £64); savvy travellers can however save over two-thirds of the cost of a flexible ticket by splitting their ticketing at multiple locations, a practice that discriminates against occasional users of the railway and contributes to the low trust in the railway that has been reported amongst the public.<sup>19</sup>

The position is worse still for international travel: attempting to book from Leeds to Frankfurt via Eurostar simply generates an error message. While specialist websites such as loco2.com will simplify slightly the task of collating the mixed tickets required, the fares that result are neither competitive nor easy to access – the railway is poor value for money and will struggle to compete with aviation, particularly with air fares at their current low levels.

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<sup>17</sup> Ibid.

<sup>18</sup> Fares checked 17 April 2019 at

<https://www.buytickets.crosscountrytrains.co.uk/buytickets/combinedmatrix.aspx?Command=TimeTable>, and car fuel costs at <https://journeyprice.co.uk/>. For the vast majority of car users, costs other than fuel (fixed or variable) are not perceived as relevant to the modal choice for any given journey.

<sup>19</sup> See e.g. <https://www.which.co.uk/news/2018/11/complaints-about-complaints-train-passengers-fed-up-with-how-theyre-treated/>

In contrast, some European railways cooperate with their counterparts across borders to produce attractively priced promotional tickets, such as Czech Railways offering Prague – Frankfurt – Brussels for under £17 single.

It is equally essential that the railway is able to provide competitively priced – and more comprehensive and coordinated than now – freight services, if the environmental and economic superiority of rail is to be fully exploited as against road and air competition that pays only a small proportion of its true costs.

*Public Trust:* As noted above, confusing and illogical fares regimes play a role in harming public trust. Trust also however is engendered when rail operators communicate clearly, consistently, reliable and honestly with users of the system, such as at times of disruption – and when they handle such disruption in a predictable and rational manner that puts the passenger first. Analogous considerations apply to freight customers and industry (potential customers): they must have confidence rail can, literally and metaphorically, deliver.

*Enabling the journeys people want to make – including across modes:* This is discussed in some detail above in relation to the passenger sector, and is strongly agreed by the Combined Authority. With regard to freight, enabling the journeys shippers need their freight to make includes (though is certainly not limited to) **ensuring that the network makes proper provision for the attractive train paths freight needs**; there is at present real concern that the Trans-Pennine Route Upgrade, for example, may fail to do this.

*Affordability (all three criteria):* Once again, these are supported by the Combined Authority, though some of the specific terminology might be open to improvement: at the level of the system funder (as opposed to that of the prospective passenger or customer considering fares/freight tariffs), “affordability” and [financial] “sustainability” can have an element of subjectivity and only considers financial “inputs”, not what outputs the system achieves. Developed countries have long recognised that **the value of a railway – in terms of what it enables in terms of wellbeing, economic efficiency, quality of life and environmental sustainability – far exceeds its direct farebox or freight revenue**, and that a railway that attempted to run on a narrow commercial basis would be unable to provide these benefits. We would rather therefore instead use the language of “*cost-effectiveness*” in this context – with an emphasis on best practice.

The second sub-heading, “*commercial sustainability*” appears to be really about, to use the language of our previous submission, having **a railway that is “open for business”**, i.e. is adaptable to its surroundings and easy to do business with – rather than its current excessively risk-averse, bureaucratic and process-driven nature. We would also prefer to avoid the word “resilient”, as this implies a body that is unchanging – while being consistent, the railway needs to be able to adapt to changes in its environment, such as increases in passenger demand or changes in the logistics market.

We would suggest:

## Cost-effectiveness

1. *Productivity and efficiency.* The costs of operating, maintaining, renewing and enhancing the rail network must be **brought down to levels comparable to international best practice**, allowing the industry to address long-term cost pressures and ensure value for money for taxpayers and users
2. *Commercial partnership.* The future industry structure must be **suitable for and adaptable to a changing environment, balancing risk and opportunity appropriately, fostering new ideas and creating incentives that align with the railway's objectives**
3. *Seizes opportunities.* The railway must ~~continue to~~ seize opportunities to drive quality improvements, increase usage, explore commercial opportunities, and find efficiencies **such as by investing to save**

Turning to “*The fundamentals*”, the Combined Authority is strongly in agreement with the first sub-heading, which is particularly well phrased: while the railway must not contemplate compromising its world-leading safety record, which may never be taken for granted, there are instances where misapplied safety considerations have prevented the right decisions from being made – sometimes as a result of a lack of a real understanding of the issues involved, or resulting from a perceived or real lack of authority or discretion amongst staff with the requisite expertise, underpinned with a lack of incentive to think imaginatively and challenge assumptions or standards. An example is the question of what norms should be adopted for safe clearances for overhead electrification.<sup>20</sup>

*Environment:* Again this wording is, in our view, strong and flexible, though there is an argument for underlining that, given rail’s inherent energy-efficiency advantages and its unique ability to use renewably generated electricity as a direct traction source, **modal shift to rail (passenger and freight) is itself a significant contribution to sustainability** and to meeting the national and regional imperatives of carbon reduction and of acceptable air quality. We would also advocate adding to the entry the words “... *its environmental benefits, as part of the transition to a post-carbon economy*”.

*Rail freight:* We need to be clear that **rail freight should expand into sectors in which it is at present absent or underperforming**, if the railway is play its full role.

*‘System changes’ category:* Again, we consider these principles to be sound.

- *Focus on users:* This must be right, subject to comments above in relation to (current) non-users, and to the role of public funders and specifiers in achieving the outcomes they require from the network. How this is to be achieved if part or all of the railway remains primarily accountable, and owing a legal duty, to third-party shareholders would need careful consideration.
- *Accountability and leadership:* There is also a need to make sure that those making management decisions are the right people in terms of their technical

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<sup>20</sup> In this regard the Rail Industry Association’s analysis of the costs of rail electrification is particularly helpful: [https://www.riangb.org.uk/RIA/Newsroom/Stories/Electrification\\_Cost\\_Challenge\\_Report.aspx](https://www.riangb.org.uk/RIA/Newsroom/Stories/Electrification_Cost_Challenge_Report.aspx)

background and skills – and then that those people are *empowered* to make technical decisions including applying their professional expertise to achieve the right outcomes. These managers must then be held accountable to representatives of the communities served by the railway. As discussed above, that accountability must wherever appropriate be to devolved bodies with genuine authority (as opposed to the mere delegation of specific tasks to a local or regional level).

- *Collaboration*: We need to emphasise explicitly that **there is a need for a transformation towards openness and honesty with funders, specifiers and local/regional government – as well as within the industry itself**. At present there is a culture of excessive “commercial confidentiality”, PR spin and narrow self-interest, such that for example the only way in which Combined Authority officers have been able to obtain information about our train operators’ fleet situation has sometimes been via rail enthusiasts’ internet fora. This lack of information sharing causes avoidable work and raises the risk of inaccurate information becoming public. Experience over the last two decades has shown that any benefits arising from competition between train operators are marginal as against the foregone benefits of collaboration and cooperation between those operating different services. That may or may not point to fewer or a single-operator model in future – as noted above, Switzerland has numerous operators but their system is characterised by cooperation and accountability.
- *Long-term thinking and innovation*: It would also be appropriate here to emphasise that there is a need for such thinking to be strategic in nature – that is, the railway having a clear direction articulated through a “controlling mind” with the authority to put it into effect. As alluded to above, an example of the benefits such long-term strategic thinking could reap would be the ability to have a national or regional rolling-stock strategy linked to infrastructure and service development, covering electrification, the acquisition of new trains, and the coordinated cascade of existing stock through the network to the most appropriate services, leading to efficiencies and a general uplift in the quality of the passenger experience.
- *Delivery capability, including of change*: We highlighted above the need for the right staff to be in the right positions and empowered to make the right decisions. Allied to this – indeed critical to its success – is that **the railway must be an attractive career prospect** with excellent training and a clear progression structure: it must recruit, retain and develop staff who are “steeped” in the railway, while remaining open to fresh ideas and talent from outside. In some respects the old BR Management Training Scheme was regarded as a “gold standard” of its type, but it should be recalled that many excellent staff have also “risen through the ranks” – a process that the balkanised structure of the present railway has tended to stifle. (These themes are clearly linked to the last sub-heading too.)

## 5. Conclusion

The Combined Authority considers this second Call For Evidence, the proposals within it, and the various recent supporting papers, to be overwhelmingly encouraging in terms of confirming that the right, often difficult, questions are being asked, and that there is a willingness to challenge existing thinking, which promises the prospect of imaginative solutions emerging from this Review. We hope in this context that our input is considered helpful and look forward to contributing further to the Review as it progresses through 2019.

We consider the evidence emerging, including from our own submissions, to underline that the Review should remain open to considering all structure, governance and ownership options that might assist in bringing about the deep changes that the industry needs, even if these changes will require careful management during transitional phases.

We consider that the case for further – and more meaningful – devolution is strongly evidenced, and that there does not appear to be any insuperable conflict between devolved accountability and the efficiency, economies of scale and system-wide coordination that the railway needs. Such real devolution will be a critical step to ensuring that the railway's priorities better reflect the communities served and the diversity of those who travel by train, and that it is answerable to them.

## Appendix 1 – West Yorkshire Combined Authority first evidence submission

### Williams Rail Review: Call for Evidence

#### Submission of the West Yorkshire Combined Authority

##### 1. Executive Summary

- **The chaos unleashed on passengers and the economy since May 2018 confirms that the current UK organisational and commercial railway frameworks are not working for our region.** As a founding member of Rail North and Transport for the North, West Yorkshire Combined Authority and Leeds City Region Local Enterprise Partnership (the LEP) welcome the Williams Rail Review as the catalyst for the fundamental shift that is needed in the way the rail network works for passengers and for the country.
- **The railway should be much more focussed on delivering the service that passengers and freight customers want and need.** A reformed framework is urgently needed to ensure customers (passengers and freight) in all parts of the UK receive a level of service comparable to the best in the world. Structures should be re-configured in a way that places the delivery and planning of current and future rail services (and requisite infrastructure), with passengers and freight customers at the heart of everything. Devolution of the funding, decision-making levers and accountability for rail outcomes to locally elected Members is needed.
- **Form should follow function - the railway should not exist in a bubble, and requires urgent reform so that it provides the mobility that our society needs, equally well across the country.** The railway's structure should be derived from its purpose. To deliver a railway that can support our objectives for sustainable, inclusive, economic growth, our region needs greater devolution of decision making powers about rail outcomes to the sub-national and local levels where the requirements for and impact of those outcomes are best understood.
- **The North of England needs a railway structure that supports the 'Northern Powerhouse' programme of regeneration, rebalancing and productivity growth through investment, which should primarily be about providing a service to customers and society, with profit being a second order priority.** Following decades of under-investment, the north is engaged in a multi-generational programme of economic re-balancing. We need a railway focussed on this long term mission, which supports changing and growing labour markets, which recognises that the investment case in the north will be different to that elsewhere, and which is affordable to all in society. The current system is not delivering and has conflicting objectives and drivers.
- **The railway network is a system. We need a railway framework with aligned objectives, structures and organisational/commercial models.** We need a railway structure that treats the network as a system that can get the basics right, but which is also focussed on the delivery of growth in demand for, and improvement of, the passenger and freight railway.

- **Rail franchising is not working for our region.** Alternative approaches are needed that integrate track and train, and that deliver the services that our region and customers actually want, now and in the future.
- **The railway needs to be totally accountable to democratically elected government at national and sub-national levels for rail outcomes.** There needs to be a clear, golden-thread of transparent accountability between the strategic objectives for rail set and agreed between national, sub-national and local politicians, and the ultimate service delivered and decisions made day to day by the rail industry, to and on behalf of customers. Effective accountability will in turn allow detailed industry decisions to be taken within the industry.
- **The railway needs to be open for business.** As a third party investor in the railway with a planned rail investment portfolio currently worth £250m, we often find the railway hard to do business with.

## **2. Introduction**

The West Yorkshire Combined Authority (hereafter WYCA) working in partnership with the LEP, operates to ensure that our region is recognised globally as a strong, successful economy where everyone can build great businesses, careers and lives. We bring together local councils and businesses to achieve this vision, so that everyone in our region can benefit from economic prosperity and a modern, accessible transport network. We have four main areas of focus:

- **A strong economy** – helping businesses to become more productive and create more, better quality jobs for local people;
- **Inclusive growth** – ensuring everyone in our region can benefit from this strong economy;
- **21st Century transport** – creating modern, efficient transport infrastructure that supports communities, the environment and our economy; and
- **Devolution** – securing funding and powers to help us do even more.

WYCA is the Local Transport Authority for West Yorkshire, and subsumed the powers of the former Passenger Transport Executive in 2014. We are a founding member of Rail North and Transport for the North (hereafter TfN), England's first sub-national transport body. Through its Partnership Agreement with the Department for Transport, TfN has an important role in the planning of rail and road investment across the north, as well as the management of the First Transpennine Express and Northern rail franchises.

This response seeks to inform the deliberations of the Williams Review with evidence from the perspectives of WYCA being:

- a Local Transport Authority and therefore significant stakeholder in the railway;
- a founding member of and partner in TfN, therefore having an indirect contractual relationship with the railway through the planning and management of infrastructure and service development and delivery; and



- an investor in the railway, with a current portfolio of rail enhancement schemes worth circa £250m in total.

### **3. The chaos unleashed on passengers and the economy since May 2018 confirms that the current UK organisational and commercial railway frameworks are not working for our region**

WYCA is the Local Transport Authority for West Yorkshire. One of our statutory functions is to develop and implement a Local Transport Plan for our area – our current plan is known as Transport Strategy 2040, which can be found at:

- <https://www.westyorks-ca.gov.uk/media/2664/transport-strategy-2040.pdf>

A successful and growing railway is a major part of our transport strategy, and has been a key tenet of successive plans for the last 20 years or so. We have been working with partners in Government, in the rail industry and across the north for a long time on developing a successful railway. We would define success as a railway that supports our wider objectives, with the corresponding rail outputs as follows:

- Reliable and punctual;
- Modern and of a high quality;
- Integrated with other transport modes - easily accessible from across the region;
- Fast and frequent;
- Of sufficient capacity for passengers and freight;
- Accessible to all;
- Value for money for fare-payers and taxpayers;
- Welcoming station gateways - supportive of our place-making and regeneration plans.

In our latest strategy, we are looking to grow the number of trips made by rail by 75%, come 2027. Whilst rail demand across West Yorkshire doubled between 2005/6 and 2014/15, this came about largely without any major investment in improved rail infrastructure or services (with the notable exception of a new rolling stock fleet for Transpennine Express). The previous Northern Rail franchise was even let on a no-growth basis. The evidence<sup>21</sup> demonstrates that it has been exogenous rather than endogenous changes that have driven this i.e. the changing economic geography of the northern city regions, as well as a limiting of car parking supply in city centres due to former brownfield land regeneration.

It is therefore of the utmost concern to us that despite years of work, time and money, the current railway frameworks are failing to deliver for us. The May 2018 timetable fiasco (which itself was postponed from December 2017), and the ensuing and indeed emerging revelations about what can and can't be delivered in terms of committed franchise outputs for our region i.e. the success that we have sought to deliver (more of which later), lead us to question the fundamental structure of the

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<sup>21</sup> Northern HLOS Growth Study; March 2010 – *Mott MacDonald for the Department for Transport*

railway. We believe that it is nothing short of broken, and therefore doing nothing is not an option. We therefore warmly welcome the Williams Review as an opportunity to drive reform.

#### **4. The railway should be much more focussed on delivering the service that customers want and need**

As you will appreciate, Transport Focus has a plethora of evidence about what passengers really want from the railway, as do freight operators/industry bodies. For customers, a railway that delivers services that are reliable, punctual, value for money, integrated with other transport modes through modern and welcoming stations, easy to navigate, fast, frequent, of a high quality and with enough capacity, are imperative to enable people and goods to move from A to B.

The actual timetable forms the bulk of the end product that the passenger buys when they purchase a ticket. One would expect that as a result, the delivery of the timetable i.e. the services customers want, should be at the very heart of everything the rail industry is working towards, both in terms of day to day operational service and infrastructure delivery, and longer term planning and investment. In other countries, this emphasis on the end timetable to the customer being at the heart of long term planning and investment in the railway, is not unusual. For example, in 2018 the German Government announced its plan for a nationally integrated timetable to be delivered by 2030<sup>22</sup>. To realise this, a consistent programme of planning, investment and delivery is required beyond the usual Parliamentary term. If the May 2018 timetable chaos demonstrates anything about the UK railway frameworks, it is that **the actual timetable delivered to the customer is in fact the last thing to be thought about, rather than the first.**

In the UK, individual commercial drivers often misalign with passenger interests. Fundamentally, the railway is important to us as it helps us grow access to jobs and services for growing labour markets, provides connectivity, and ultimately drives productivity. This is highly relevant to West Yorkshire where high employment levels in Leeds mean that to increase productivity further, a successful railway is required that reliably connects labour markets with employment opportunities. This means the railway needs to serve passengers well. Rational (at the corporate level) commercial drivers and issues with the structure of the current railway means that passenger interests are not always paramount. For example, the peculiarity of ticket revenue allocation in the rail network means that operators can be incentivised to run trains where they are not most needed. There are examples of this around Yorkshire. There are three operators of trains between Newcastle and York, delivering 6 trains per hour. However, each is incentivised to sell tickets valid only for its own trains, limiting the benefit of the high frequency of service. Consequently there are hundreds of ticket combinations between Newcastle and York, driving passenger

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<sup>22</sup> <https://www.bmvi.de/SharedDocs/DE/Pressemitteilungen/2018/080-scheuer-deutschlandtakt.html>

confusion. Ensuring that the whole railway better serves customers, communities and businesses must be the starting point of any reform.

**5. Form should follow function - the railway should not exist in a bubble, and requires urgent reform so that it provides the mobility that our society needs, equally well across the country.**

It may seem a statement of the obvious, but it is important to recognise that as well as serving its customers, the railway is there to serve a wider purpose in our society, and is not an end in its own right. Its organisational frameworks and structure should fundamentally be developed based on the function the railway is to serve. It is part of the wider mix of transport infrastructure and services which together, provide vital mobility for people and goods to move around and to/from our country. The railway can have impacts in the following ways:

*Economic:*

The intrinsic link between economic growth and high quality transport, including rail, has in the last decade or so been increasingly better understood, with the Eddington Study<sup>23</sup> being one of a number of keystone pieces of research into the subject. The economic strength (in GDP per capita terms at least) of the London and South East economy, with its focus and growth in 'Knowledge Intensive Business Services' (KIBS) jobs, has been greatly facilitated by a relatively modern railway. The economic pull of London draws in workers and business people in large numbers from around the south east and indeed well beyond it. The railway does in large part enable this to happen on a daily basis – connecting people/labour markets to jobs with fast, frequent, well integrated (with other transport modes in London) rail services between the capital and its commuter heartlands and beyond.

Whilst there is evidence that working patterns are changing which could be affecting demand for rail, there is also evidence that the continued strong presence of KIBS jobs, and the tendency of these to cluster together and agglomerate, will continue to mean rail demand to/from city centres will remain strong.

*Social:*

The railway, as part of a wider transport network, can support and enhance social inclusion and inclusive growth. It can do this by connecting people to economic opportunity, by connecting communities to each other and to health, education and leisure services. The railway is also a significant employer and procurer of goods and services, which can benefit local economies and communities. The railway governance structures adopted since privatisation have facilitated some progress and success in this regard. There is evidence for example of Network Rail<sup>24</sup> and

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<https://webarchive.nationalarchives.gov.uk/20090115123503/http://www.dft.gov.uk/162259/187604/206711/executivesummary.pdf>

<sup>24</sup> <https://www.networkrail.co.uk/communities/social-performance/>

Train Operating Companies<sup>25</sup> adopting and implementing social sustainability policies, whether that be buying from local supply chains, engaging and investing in community rail programmes, and pro-actively creating training programmes to upskill people to work in the rail industry. This is all positive progress which should be noted, and further and overtly enhanced through the Review.

*Environmental:*

As part of an integrated transport network, the railway can help minimise the negative effects (e.g. highway congestion, noise, air and carbon pollution from highway transport, land-take and so on) of less sustainable modes of transport by encouraging people to use public, rather than private transport. This has always been important, but we would argue has been given new impetus since the Paris Climate Agreement and the ensuing need to further focus efforts on reducing greenhouse gas emissions. The Government's Clean Growth Strategy<sup>26</sup> highlights that by 2015, the transport sector accounted for 24% of total UK emissions. To achieve our emission reduction targets, a 30% reduction will be needed. The railway has hitherto been focussed on and has had some success in reducing its own emissions, waste and resource use. This is positive, however it is through transport mode shift from private car use to integrated public transport including the railway, that significant gains can be made.

For taxpayers, society and the wider economy, a well-functioning, modern railway is critical if we are as a country to deliver on our economic, social and environmental objectives. It is vital that new organisational frameworks for the railway in the UK facilitate the railway operating in a way which is much more outward looking, is cognisant of and which prioritises improvements to its wider societal impact. Whilst it is obvious from rail company communications material and events that this is acknowledged and understood, it is not always apparent from some of the actual behaviours of the companies. A railway that continues to place short term commercial interest over long term societal wellbeing is not one that the country can afford. The two examples below seek to outline the sort of behaviours we would like to see disappear from the railway under a revised organisational framework:

- **Arriva Rail North:** In December 2018, despite it not being a franchise commitment, Arriva introduced an additional York – Leeds service calling only at Church Fenton. This increases the number of trains between Leeds and York from six trains to seven trains per hour in each direction. The east of Leeds corridor has been highlighted by Richard George, TfN and the Department for Transport's advisor overseeing infrastructure and train operations, as a network congestion hotspot, therefore not a location one would think to increase pressure on the network yet further. This service cuts the ability for people to get easily between east Leeds and Bradford and

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<sup>25</sup> <https://www.tpexpress.co.uk/about-us/our-plan/people>

<sup>26</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/700496/clean-growth-strategy-correction-april-2018.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/700496/clean-growth-strategy-correction-april-2018.pdf)

arguably, uses rolling stock that could have been utilised to help support delivery of actual franchise commitments. This proposed change was therefore something we opposed, however it would be interesting to understand whether or not the way the “ORCATS” (Operational Research Computerised Allocation of Tickets to Services) system works has influenced this decision..

- **First Transpennine Express:** Improvement and consistent delivery of planned peak passenger capacity into Leeds is a major priority for WYCA. Reliably delivering an effective service that allows people to get to work on a daily basis is a core basic role of the railway. However from December 2018, there are now 25% fewer seats between 08.00 and 09.00 on TPE’s fast services between Huddersfield and Leeds than in December 2017. This is because priority has been given to service extensions over capacity provision e.g. in December 2017 TPE’s Manchester Airport to York service was extended to Newcastle. We would argue that the commercial driver for this decision has trumped other outcomes.

**6. The North of England needs a railway structure that recognises and works with the ‘Northern Powerhouse’ programme of regeneration, rebalancing and productivity growth through investment, which should primarily be about providing a service to customers and society, with profit being a second order priority**

Any new railway organisational framework should recognise that ‘one size does not fit all’, and that society’s needs of the railway may be different depending on the region being served. The north of England has over the past decade and a half, commenced what could well end up being a multi-generational economic re-structuring exercise, if the vision of a ‘Northern Powerhouse’ economy is to be realised. There has been a plethora of research into the economic and spatial rebalancing agenda in the UK<sup>27</sup>. The railway is intrinsically linked to this re-balancing agenda, as a reliable, growing and improving railway will help better connect labour with employment markets, businesses to opportunities, people to leisure and goods to market. The economic re-structuring that has taken place so far has brought with it a consistent rise in demand for rail, particularly for travel to and between our city centres, with passengers having to endure often unacceptably overcrowded conditions<sup>28</sup>. This has been driven in large part by the growth in KIBS based jobs in city centres, which rail has been ideally placed to exploit and support.

There is a question however about whether the railway’s current structures, commercial arrangements and cost allocation processes, which were designed in good faith with the London and South East, or indeed inter-city markets in mind, are

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<sup>27</sup> <https://academic.oup.com/joeg/article-abstract/13/6/889/924921?redirectedFrom=fulltext>

<sup>28</sup> DfT Rail Statistics 2017: <https://www.gov.uk/government/statistics/rail-passenger-numbers-and-crowding-on-weekdays-in-major-cities-in-england-and-wales-2017>

really right for the objective of regeneration in the north. There is evidence<sup>29</sup> that the current methodology for railway cost allocation is biased against regional rail, making it appear artificially more expensive to run than it actually is. This in turn makes it a lot harder to construct an investment case for rail in the north to support regeneration.

We consider that there is an overarching tension in the terms of reference for the Review which is worthy of consideration up front. This being the extent to which the continual policy to re-balance the source of the railway's funding from tax-payer to fare-payer, over successive governments, impacts upon the possible frameworks for the railway's organisation emerging from the Review. The McNulty Review<sup>30</sup> demonstrated that the UK railway cost about one third more to run than other European equivalents. What McNulty didn't consider however is what the "right balance" between taxpayer and fare-payer funding for the railway should be, and how the railway should therefore be structured to help achieve that. It is right that the UK railway should be as affordable as other equivalent railways and that the taxpayer and fare-payer need good value for money. If however the railway is viewed purely in financial terms and in isolation by Her Majesty's Government from the economic, environmental, social, housing, health and other impacts that it has, that leads to organisational frameworks and structures that could work against the achievement of wider Government policy. For example, if the railway is unaffordable for people on lower incomes, or for the unemployed seeking work, this will be damaging for policies to rebalance the economic divide in our country, particularly as jobs continue to shift to knowledge intensive ones located in cities and larger towns, which rail is ideally placed to exploit. UTG considered the economic value of the railway in the north of England as against the need to develop cost cutting measures for the railway in 2014<sup>31</sup>.

## **7. The railway network is a system. We need a railway framework with aligned objectives, structures and organisational/commercial models**

Self-evidently, the railway *network* is just that, a network – a system with inter-connecting and binding interfaces between track and train, hubs and spokes, systems and services. What happens to one part of the system can have an impact on another. Hence why the recent and much publicised delays to the Bolton corridor electrification scheme has had a knock on impact on rail capacity delivery in West Yorkshire, as diesel rolling stock has been needed elsewhere on the network. Another good example of how the separation of track and train accompanied by a decision-making framework that is not fit for purpose, is the delivery of the Northern

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<sup>29</sup> [http://www.urbantransportgroup.org/system/files/general-docs/A%20heavy%20load%20to%20bear\\_July%202014\\_FINAL.pdf](http://www.urbantransportgroup.org/system/files/general-docs/A%20heavy%20load%20to%20bear_July%202014_FINAL.pdf)

<sup>30</sup>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/4203/realising-the-potential-of-gb-rail-summary.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/4203/realising-the-potential-of-gb-rail-summary.pdf)

<sup>31</sup> [http://www.urbantransportgroup.org/system/files/general-docs/The%20Economic%20Value%20of%20rail%20in%20the%20North%20of%20Englandv\\_FINAL\\_0.pdf](http://www.urbantransportgroup.org/system/files/general-docs/The%20Economic%20Value%20of%20rail%20in%20the%20North%20of%20Englandv_FINAL_0.pdf)

Hub. This programme, originally conceived by the Northern Way<sup>32</sup>, was always intended as a balanced ***programme of investment in infrastructure and services***. Delivered together in a ***systematic*** way, there was a significant economic prize to be had. And yet what has ended up being delivered in infrastructure terms at least, is only part of the solution, most notably but not limited to the Ordsall Chord. What hasn't yet been delivered are either additional capacity on the Castlefield Corridor or additional platforms at Manchester Piccadilly, both of which are needed alongside the Ordsall Chord to make the whole programme work as a system. It therefore comes as no surprise that in May 2018 when the new timetable introduced more services through central Manchester, reliability and performance essentially collapsed. The fact that the railway's current governance was not able to plan for and mitigate this speaks to the heart of the challenge of the Review.

The structure of the industry is no longer fit for purpose in a congested and growing railway. The structure of railway privatisation was conceived in the early 1990s, and even then the fundamental structure (vertically integrated, versus the current model) was the subject of significant debate. This was conceived following a period of network contraction, and no-one anticipated the huge growth in demand that has since materialised. A busy railway requires much greater co-ordination (allocation of scarce resources) and a more coherent approach to planning for growth. The scope for meaningful inter-operator competition in this context is limited, and the contractual and commercial drivers of individual companies is very difficult to align with the need for precision co-ordination of operations at stations, depots and other constrained facilities. Major long-term investment (such as growing / replacing depots) requires investment that will have pay-back periods in excess of franchise horizons. Often key facilities are multi-user, so it is unclear who should lead resolving these issues; "everyone's problem is no-one's problem". Our umbrella body Urban Transport Group has produced 'Rail Cities UK'<sup>33</sup> – a vision for the kind of railway that our cities need, and has also demonstrated the kind of benefits and value for money that a joined-up, whole system approach to route modernisation can bring in its report 'The Transformational Benefits of Investing in Regional Rail'<sup>34</sup>.

## **8. Rail franchising is not working for our region**

We would argue that the more effective parts of the railway are not franchises. There are exceptions, but some of the most consistently high passenger satisfaction scores through the National Rail Passenger Survey<sup>35</sup> are for non-franchised operators. London Overground, Merseyrail and most UK light rail operations are operated on a

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[http://www.transportforgreatermanchestercommittee.gov.uk/download/2773/manchester\\_hub\\_part\\_on\\_epdf](http://www.transportforgreatermanchestercommittee.gov.uk/download/2773/manchester_hub_part_on_epdf)

<sup>33</sup> [http://www.urbantransportgroup.org/system/files/general-docs/UTG%20%20Rail%20Cities%20UK\\_FINAL%20WEB.pdf](http://www.urbantransportgroup.org/system/files/general-docs/UTG%20%20Rail%20Cities%20UK_FINAL%20WEB.pdf)

<sup>34</sup> <http://www.urbantransportgroup.org/system/files/general-docs/The%20Transformational%20Benefits%20of%20Investing%20in%20Regional%20Rail.pdf>

<sup>35</sup> <https://www.transportfocus.org.uk/research-publications/research/national-passenger-survey-introduction/>

concession basis. The private sector is still operator appointed through competition, but the focus is on the efficiency of the operation to deliver the client's requirements. Capital investment and revenue risk and reward is with the client, allowing a much more long-term approach to investment decision making, and (arguably) a much better focus of management time. Franchising on the railway was intended to be light-touch, to maximise creativity and innovation. The nature of the busy railway network (where resources need allocating efficiently at a network-scale) and the way franchises are now let, means that there is little scope for such innovation.

As well as planning for the long term future looking to the arrival of HS2 and Northern Powerhouse Rail in our region, WYCA has in recent years focussed our efforts on working with other northern partners and the Department for Transport on the formation of Rail North, and the development of the specification for the relevant rail franchises for our region, namely Northern, Transpennine Express and Intercity East Coast. Collectively between northern partners and the Department for Transport, several million pounds of taxpayers' money has been spent on developing and letting these three franchises. On the face of it when the winning bidders were announced and franchise agreements signed, this appeared to be money well spent given the commitment of the winning companies to deliver significant improvements to rail services, including for West Yorkshire. Our region was to benefit from:

- More and faster services;
- More capacity;
- More destinations;
- New and improved rolling stock;
- Improvements to stations.

The above list is not exhaustive, however it demonstrates that following more than a decade of either no or limited investment, West Yorkshire and the wider north was to start seeing a change in its rail fortunes. It is therefore of the utmost concern to WYCA, that some of the most important committed franchise outputs in the new Northern franchise in particular, but also the former Virgin Trains East Coast one are currently at risk, or are at the very least being delivered late – these include:

- More frequent services between Leeds, Bradford, the Calder Valley, Manchester Airport and the North West;
- New direct connectivity between Bradford, South Yorkshire and the East Midlands;
- Additional capacity into Leeds;
- More frequent services between Leeds and Harrogate; and
- More frequent services between Bradford/Harrogate and London.

Whilst the franchises in question have already delivered and will undoubtedly deliver some of the committed improvements (albeit in some cases behind schedule), the fact that the above-mentioned critical franchise output examples are currently at risk, suggests there is something fundamentally wrong with rail franchising.



## **9. The railway needs to be accountable to democratically elected government at national and sub-national levels for rail outcomes**

The industry is too fragmented and there is an absence of accountability. This is an oft-observed issue, and entirely predictable (it happens even within large organisations between departments). Operators often seek to assign responsibility of problems to other operators, Network Rail to operators and vice versa. In reality these are ‘railway issues’. The underlying commercial factors are insufficient to force a resolution. A structure that obscures accountability for poor decisions is unlikely to foster effective decision making – this is a clear message emerging from the reviews of the May 2018 timetable chaos. Major decisions are now often made by committee, where each individual party is incentivised to ‘toe the party line’, and / or adopt an optimistic attitude. Some such committees are chaired by DfT.

Devolution has been proven to be successful, where implemented properly<sup>36</sup>. In the north of England there is currently a fairly limited amount of devolution, with the ultimate, key decisions being taken not by northern Leaders but by either the rail industry itself or senior officials in Whitehall. The Rail North Committee, comprising of City Region Mayors and Leaders, as well as Local Transport Authority Leaders across the north, has in recent months been presented several times now by the rail industry with what amounts to a ‘fait accompli’ in a number of its meetings. Whilst rail governance is the subject of another Review (Blake – Jones), it is vitally important that the Williams Review develops organisational frameworks that enable national **and** local, democratically elected politicians to make the key decisions associated with rail services and infrastructure that impact on them and their constituents. This does not mean politicians making detailed decisions on rail inputs, but on the outputs, outcomes and impact that they want the railway to deliver for the geography relevant to them.

Building on the need for devolution, it is also vitally important that there is absolute transparency for our society, for customers and for the rail industry, about who is accountable and for what as part of the rail industry structures. At present it is totally opaque to customers about who is ultimately responsible for resolving problems around poor service levels. Since the May 2018 timetable chaos, following unsatisfactory responses from the supposed customer facing parts of the rail industry, many customers in West Yorkshire have made contact with our local politicians and/or MPs to seek resolution to their complaints and poor service. And yet they currently do not hold the decision-making levers or responsibility.

## **10. The railway needs to be open for business**

New rail infrastructure is unaffordable and often delayed. The rail industry has, in recent decades, been unable to reliably demonstrate an ability to deliver major projects efficiently (although there are some positive examples). This has been the case for many major projects since privatisation under both Railtrack and Network

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<sup>36</sup> <http://www.urbantransportgroup.org/system/files/general-docs/UTG%20%E2%80%93%93%20Rail%20Devolution%20Works.pdf>

Rail, but has been particularly evident in recent years as the scale of network expansion has grown. By contrast, Network Rail appears to be very skilled and adept at quickly and effectively dealing with emergency works (reinstatement of Dawlish Sea Wall is a high profile example). Treasury is losing faith in the ability of the railway to effectively deliver major projects. Some suggest that Network Rail is not sufficiently incentivised to reduce cost. Some railway investment (most notably electrification) incurs significant capital cost on the infrastructure, but delivers equally significant operational cost savings for rail operators. However, the current structure breaks the logic of such investment.

Like many Combined Authorities, WYCA is a significant investor in the railway, with a current pipeline of investment worth £250m. And yet in general we find some parts of the rail industry very hard to do business with. Whilst we have seen some signs of improvement in recent months in working with Network Rail, we find:

- They are very risk averse;
- Are prone to preferential engineering making schemes unaffordable; and
- Are very reluctant to change any of the commercial terms in their template agreements. This means risk apportionment is very heavily weighted away from Network Rail towards us. It also means we have no control over cost escalation, essentially giving Network Rail a blank cheque.

Also, we struggle with some Train Operating Companies to secure their proactive involvement in some of our passenger critical investments. Arriva Rail North for example are simply not geared up to deal with third party enhancement schemes, to the extent that attending scheme development meetings can often be problematic.

## **11. Conclusion**

WYCA warmly welcomes the Williams Review and would be pleased to work with the team to help shape its recommendations. It is a huge opportunity to re-shape and reset the organisational framework for our railway, to ensure it plays the vital role we need it to going forwards, for customers and for our society.

## Appendix 2 – Swiss approach to measuring operating performance

Kundenpünktlichkeit

SBB CFF FFS

### Key Performance Indices (KPIs) on Swiss railways: Passenger-weighted Arriving and Connectional Punctuality



Train arrives at a station. Passengers divide into 3 groups:

- **Through travellers** (stay on train)
- **Interchangers** (alight+change here)
- **Alighters** (destination is here)



**Alighters** are passengers who have reached their actual final destination at this station and are leaving the (SBB) network at this station. They are counted for the Passenger-weighted Arriving Punctuality (PAP) figure. The PAP measures the percentage of **alighters** who reach their destination punctually.

**Interchangers** change at this station to another train. They are only counted in order to calibrate the Passenger-weighted Connectional Punctuality (PCR) figure. The PCR measures the percentage of passengers who make their connection.

Source: SBB 2017, translated by WYCA