



Rail devolution and rail reform: options for the future

BEFORE the pandemic struck, one in three rail journeys in Britain were being made on services for which responsibility was devolved in full or in part to city regions, regions and administrations in Wales, Scotland, London, the north of England, Liverpool City Region and the West Midlands.

This devolution of responsibilities for rail has been one of the big success stories on rail in recent years. One only has to look at networks such as London Overground and Merseyrail - neglected when run from the centre or as part of larger franchises, but transformed under local control and now regularly shortlisted or winners of National Rail Awards.

In fact, the Williams-Shapps reforms have paid them the ultimate compliment of seeking to emulate these contracts in the future.

Devolution has (by and large) led to more investment, higher levels of passenger satisfaction, and more reliable services. It has also helped to embed heavy rail services within wider public transport networks and within broader plans for housing, economic development and decarbonisation.

Rail is critical to so much of what city regions and devolved administrations are trying to achieve - from meeting ambitious air quality and decarbonisation targets to giving the public the public transport they want and need (one network, one ticket, one identity). All this has been well set out in reports from the Urban Transport Group - *Rail Devolution Works and Rail Cities UK*.

However, too often in the past, local rail services have sat outside the wider local public transport - remote and unresponsive to local need. Devolved authorities and administrations have often struggled with the complexities and high costs that have been associated with the format of the rail industry since privatisation.

For example, on station development, it can be argued that the current industry structures have inhibited any major investment and upgrades (car parking aside). And

on fares and ticketing, everyone recognises the success of the London system and the inclusion of rail services in it, but it has proved difficult to emulate this elsewhere.

The reforms being ushered in by the *Williams-Shapps Plan for Rail* offer the opportunity to change all this - simplifying the structure of the industry and having Great British Railways with strong regional structures should help.

However, there is a risk that debates about the future shape of the railways will be inward-looking, and will forget or ignore the benefits of involving devolved authorities and administrations in rail services and infrastructure.

Therefore, it is vital that devolved authorities have a seat at the table when big decisions are being taken about how Williams-Shapps will be implemented in practice.

How might devolution work in practice? Different areas will have different ambitions for the role they wish to play, depending on local aspirations and capabilities. The reforms and supporting legislation should support and facilitate a wide range of options for extending and deepening local control and accountability for both rail services and rail assets and investment.

On services, the options are:

■ **Full control of local rail services:** In this option, the contract or concession for running local rail services would be let by the local/devolved transport authority, rather than by Great British Railways.

The service levels, timetable, station staffing, and service quality standards and incentives regime would be set as part of this concession, subject to agreement on track capacity with the system operator.

The services and stations would be branded as part of the region's integrated transport system, and fares integrated within wider local public transport fares structures. Revenue risk would be borne by the authority and operator as agreed within the concession contract.

This is essentially the system by

which London Overground and Merseyrail services are provided.

■ **Full control and direct provision of local rail services:**

This is like the first option, but an operating subsidiary of the transport authority would run train services (rather than operation being contracted out to a private sector provider).

This is the system now operating in Wales, and it will be applied in Scotland this year. Light rail systems such as the Tyne and Wear Metro and the West Midlands Metro are also operated (and owned) by the city region transport authority.

■ **Joint control of local rail services:** In this scenario, the concession for local rail services will be let jointly by GBR and the transport authority.

The transport authority and GBR will jointly decide service levels, branding, and oversee quality standards. Revenue risk will be shared. There could be separate point-to-point rail fares as well as zonal multi-modal fares, with revenue apportionment arrangements.

■ **Joint management responsibility for local rail services between GBR and the transport authority:** This scenario is similar to the previous option, with joint management responsibility by GBR and the transport authority, but revenue risk will stay with GBR.

This is essentially the arrangement that governs West Midlands Trains, with the West Midlands Rail Executive involved in management of the franchise, as well as for the Northern and TransPennine Express franchises, which are overseen by a DfT and Transport for the North joint board.

■ **Buying additional services:** In this scenario, GBR will let the concession for local rail services, but the transport authority will be able to buy additional services on top of the baseline that GBR has determined. This is essentially the system that existed before privatisation between Passenger Transport Executives and British Rail.

■ **Consultation and**



■ **partnerships on local rail**

■ **services:** In this scenario, GBR will let concessions or agree contracts to run the local rail services, and transport authorities would be consulted on the service levels, station staffing and facilities, service quality standards, arrangements for integration with other modes, and the fares to be included in these concessions. This could also include the ability to trigger performance reviews if quality standards fall below agreed levels.

In addition, in all cases, transport authorities will want to be involved in the concession agreements for longer-distance services in their areas and on timetabling proposals generally.

On rail assets, the options for devolution are:

■ **Devolving control and**

■ **ownership of rail infrastructure:**

In this scenario, the transport authority would take over ownership of rail infrastructure (stations, tracks and signalling) from what is now Network Rail and will be GBR.

This scenario is being pursued by the Liverpool City Region in relation to the Merseyrail network, and has taken place in Wales where the Core Valley lines network has transferred to Transport for Wales.

It has also occurred in the past where former heavy rail routes have been converted to light rail (such as in Greater Manchester). This scenario would also allow a transport authority to let a concession for both the infrastructure and operations.

■ **The ownership of rail infrastructure stays with GBR but management is transferred**

■ **to the transport authority:**

Whereas the previous option entails the transport authority taking over the freehold of rail infrastructure, this scenario would be a leasehold for the infrastructure.

For example, this would allow transport authorities to take over the leasehold of local stations from private operators so that they can invest in their future, while longer-term asset management and protection responsibilities remain with GBR.

■ **Rail infrastructure stays with GBR, but the transport authority invests in upgrading it:** Transport authorities would use their own resources (or source other public and private funding) to pay for upgrading of rail infrastructure, the contracts for which would be let and managed by GBR.

An example is the Cornwall main line upgrade of track and signalling, with European and other funding brought in by Cornwall Council. There would be an agreement between the transport authority and GBR specifying outputs and delivery dates, with penalty clauses if these were not met.

■ **Most rail infrastructure stays with GBR, but stations transfer to the transport authority:**

This scenario was proposed by Transport for Greater Manchester, which argued that it could make better use of stations and the surrounding estate than would be the case if they stayed with Network Rail. Development rights would transfer to the LTA, although some gainsharing arrangements with GBR could be agreed.

■ **Bespoke station investment/upgrade deals:** In this scenario,

Merseyrail 508122 and 77010 at Ainsdale station on July 6 2021. Stephen Joseph cites Merseyrail as one of the devolution success stories of recent years, where a previously neglected part of the network has thrived under local control. COLIN WAREING.

investment packages for individual stations would be agreed under bespoke arrangements.

In some cases, the LTA might take ownership of the station to more easily facilitate additional funding. In other cases, GBR might retain ownership but would have a joint investment agreement with the LTA which would bring in funding to upgrade it.

■ **Agreed long-term investment strategies for local rail:** In this option, transport authorities would agree with GBR a long-term investment programme for lines and networks in their area.

This could be used to shape rail programmes for transport authority-controlled funding streams, as well as the decarbonisation targets to be set in Local Transport Plans. Such strategies should also form part of the 30-year Whole Industry Strategic Plan.

Where transport authorities are taking on responsibilities for rail provision formerly undertaken by national government, that funding would also need to be devolved.

More widely for all of these options, there will need to be financial transparency by GBR, so that transport authorities have a clear view of the costs allocated to their local rail services. This will also provide transport authorities with a robust basis for sourcing any additional local public or private funding to support enhancements and improvements.

City region authorities and devolved administrations are keen to play their part in making rail reform a success and in supporting the rail industry. The options set out here are intended to help discussion on how they can be involved. ■

■ Stephen Joseph is a transport policy consultant and adviser to the Rail Devolution Network. This article is adapted from *Making rail reform work for people and places in the city regions*, a statement from the Urban Transport Group. ■

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