

The Case for Devolution

# Rail Cities in the 21st Century



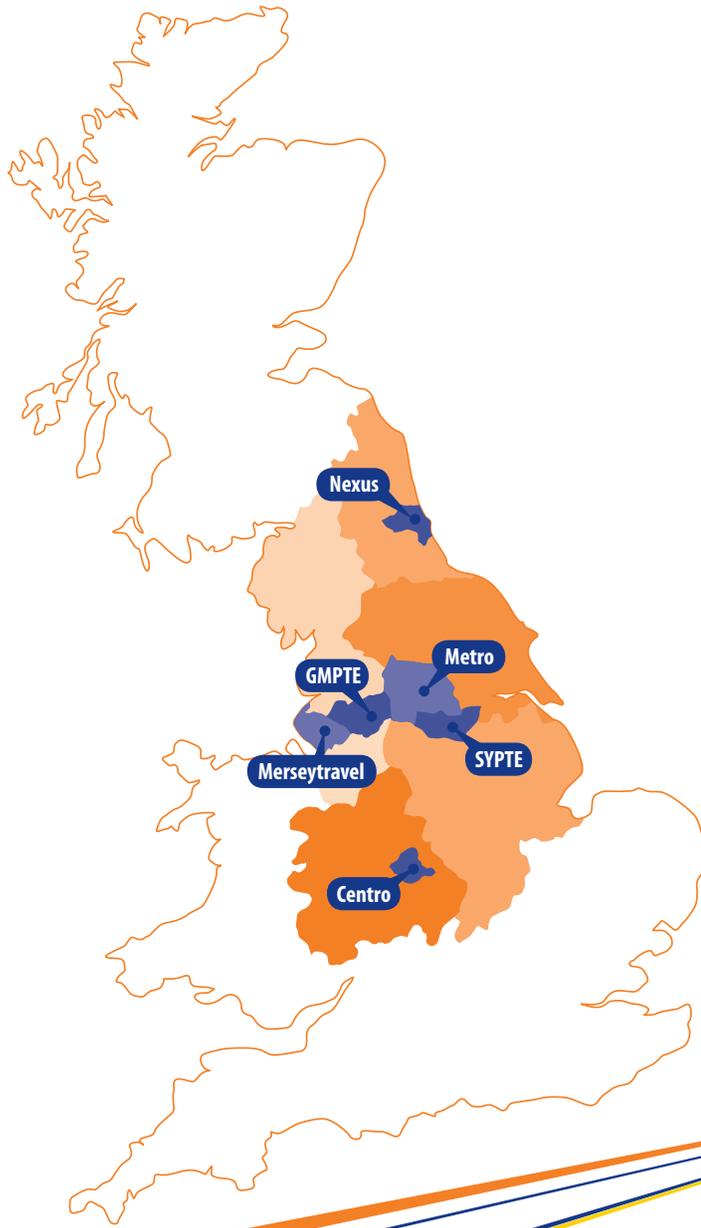
**Modern and efficient rail networks are key to ensuring that city regions can grow in a green and smart way. But to realise the potential of urban rail, remote control by Whitehall needs to be replaced with local control by the city regions themselves.**

**Only then can rail play its part in the fully integrated, responsive public transport networks that the city regions need.**



**pteg** represents the six Passenger Transport Executives (PTEs) which between them serve more than eleven million people in Greater Manchester, Merseyside (Merseytravel), South Yorkshire, Tyne and Wear (Nexus), the West Midlands (Centro) and West Yorkshire (Metro). Leicester City Council, Nottingham City Council, Transport for London (TfL) and Strathclyde Partnership for Transport (SPT) are associate members. The PTEs plan, procure, provide and promote public transport in some of Britain's largest city regions, with the aim of providing integrated public transport networks accessible to all.





Nexus

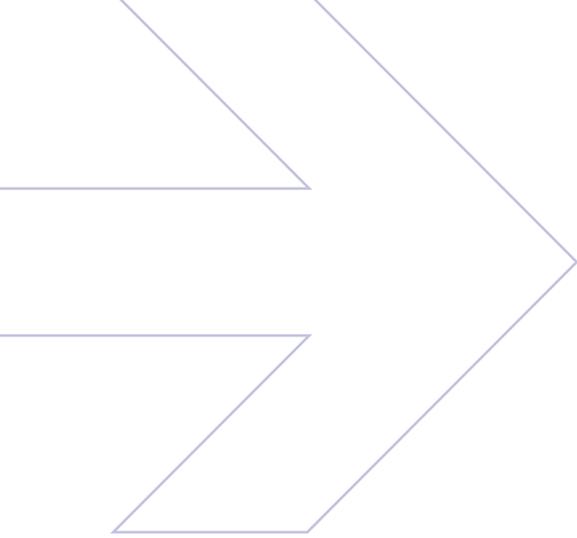
GMPTe

Metro

Merseytravel

SYPTE

Centro



# Rail Cities in the 21st Century

## The Case for Devolution

Our cities are the economic powerhouses of wider regional economies. For our cities to continue to grow in a smart and green way, they need modern, efficient rail networks. That means extensive commuter rail networks to enable people to access city centre jobs as well as the wider retail, leisure and cultural opportunities that the core cities offer. It also means good links between our cities (and to London), to give them the wider connectivity they need. And in an era when reducing carbon emissions becomes ever more paramount, rail's sustainability advantages should become even stronger – especially if we can get more of our networks electrified and powered by a national grid that will become less carbon intensive over time. ▶

Rail in the city regions has been a runaway success story in recent years with many of our rail networks seeing spectacular increases in patronage as people have turned to the train as a way of accessing our resurgent cities and avoiding congested roads. The railways have supported strong jobs growth across our cities, particularly in more highly skilled and knowledge intensive sectors.

As PTEs, we are proud of what we have contributed to help make this happen through our investment in new services, routes and stations.

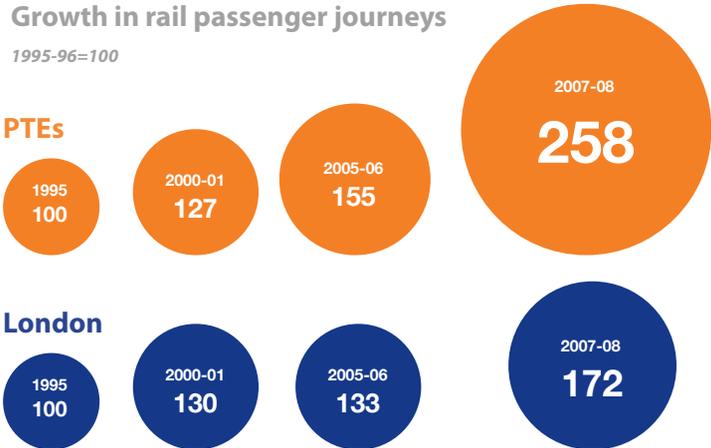
We've also bought new trains and refurbished old ones, put staff and facilities back at stations, and promoted local urban rail as part of wider city region transport networks.

But we want to do more. Our rail networks need more investment to help sustain jobs and business growth. They also need to be better integrated with wider local public transport networks.

We may have had some of the fastest growth in rail patronage anywhere on the rail network but we also have some of the oldest and most inadequate trains.

### Growth in rail passenger journeys

1995-96=100



Source: ORR National Rail Trends

Worse than that there are not enough of them, with some services so crowded that passengers get left behind on the platform. Links between our cities can also be too slow, unreliable and provided by trains that aren't fit for purpose.

A contributory factor is the problematic way our networks are run. In recent years the Department for Transport has centralised control over local rail networks. This, coupled with the complex web of legal, commercial and regulatory arrangements that overlays decision-making on the privatised railway, has made it harder, more costly and more time consuming to get things done. Our networks also get passed from company to company as franchises change. As a result, a sense of a clear identity for local public transport networks can be subsumed within a churn of different logos, policies, brands and colour schemes.

## Devolve and thrive!

### ↳ London Overground

Since Transport for London became the franchise authority for a series of heavy rail lines in Greater London, what is now known as London 'Overground' has been transformed out of all recognition through an investment programme of £1.4 billion :

- Improved safety and security with staff at every station during train operating hours, more Help points and CCTV and improved lighting and customer information systems
- Oyster pay as you go valid throughout the London Overground network and new ticket machines allowing customers to top up their Oyster cards
- Trains running earlier in the morning and later into the night
- All stations deep cleaned, providing a more comfortable travel environment for passengers.
- Brand new fleet of longer trains
- Faster, more frequent and more reliable services following improvements to signals, tracks and points
- New direct services and new stations between Dalston Junction ,West Croydon/ Crystal Palace and New Cross

## The evidence is clear

This is not the best way to run local rail. The best way is to take more decision-making on local rail away from remote national government departments and devolve it down to locally accountable transport authorities. Because when you devolve you get a better rail network as a result.

Why does the evidence show so clearly that devolving rail powers works? Because locally accountable transport authorities know how important transport (including rail) is to the local economy, environment and quality of life. Consequently they make it more of a policy priority, and more of a spending priority. They also know that, if there's a problem with the local rail network, the local media and voters will hold them responsible – be it an unsafe station or poor performance. There's an incentive to sort it out quickly which there isn't for anonymous civil servants in London.

Of course devolving powers and responsibilities over local rail networks isn't the answer to all the challenges they face. In particular, in a tough environment for public spending, it is not going to be easy to get all the investment that's needed. However, more devolution means that when there is finance available from local and regional sources, it can be channelled into the rail network more quickly (as we've seen in London, Scotland and Wales) as the management of local rail services becomes less bureaucratic and more responsive to local needs and local funding opportunities.

Taking on greater responsibility for local rail is not without risks. As part of negotiating for more power, we want a full understanding of the costs, risks and liabilities associated with increased responsibility. At present the system for allocating costs lacks transparency and is relatively unaccountable to local partners. Our ambitions can only be realised if we get a fair deal for funding on the railways.

## The way forward on local decision making on local rail networks

Localism and decentralisation are at the heart of the Government's wider agenda for local services. We share this aspiration for more local control and influence on the key decisions about local transport. This builds on the 2008 Local Transport Act which, at its core, recognises that decisions on local transport are best taken locally. Through the Act there exists a framework whereby city regions can rethink the way that their transport networks are managed and developed, laying the ground for greater devolution. The Coalition Government has recognised that new settlements need to be reached between national government and individual city regions on the way in which transport decisions are made.

Whilst the wider debate on localism evolves, we want to set out our belief that heavy rail networks have a key role to play in wider city region public transport networks. It's time to open up the debate on rail devolution.

## Devolve and thrive!

### ↘ Merseyrail Electrics

Since the Merseyrail Electrics franchise became the responsibility of Merseytravel there has been a transformation in performance and in investment in the network.

Merseyrail Electrics is now one of the most punctual and reliable railway networks in the UK and also tops the passenger satisfaction league table. The Merseyrail network is one of the most intensively used in the UK, with over 780 trains on weekdays and 30 million passenger journeys a year.

The partnership between Merseytravel and the operator, Serco-NedRailways, has meant that all of its trains have now been refurbished and there has also been substantial investment in stations, with all now meeting 'Secure Station' standards.

There is common branding, passenger information and level of service across the network, with nearly every station staffed before the first train arrives until after the last leaves; and there is a clock face timetable operating throughout the week. Fare rises have been capped to RPI for the length of the recession.

## What kind of rail networks do PTEs want?

PTEs want their local rail networks to be a key part of wider, high quality integrated public transport networks. Networks that provide the city regions with the green, efficient and inclusive public transport services they need.

In practice this means:

- modern, efficient and primarily electric commuter rail services with adequate capacity to cope with the demands of the rush-hour
- stations that are safe and welcoming places to be and which act as wider hubs for local communities and their transport networks (including for park and ride)
- stations that are easy to access on foot and by bike
- simple fares and smartcard ticketing
- rail services that are branded and marketed as part of a wider public transport offer for the city regions

## Devolve and thrive!

### ➤ Scotrail

The Scottish Executive now has:

- powers to manage and monitor the performance of ScotRail services
- sole responsibility for securing future franchises
- power to take long term, strategic decisions about future investment
- power to fund and specify where resources are targeted by Network Rail on track maintenance and investment in Scotland

Since devolution there has been more investment:

- reinstatement of 15 miles of track to provide a new link between Edinburgh and Glasgow
- reopening of the 21 kilometre Stirling-Alloa-Kincardine line
- a plan to reopen 35 miles of the Waverley route, creating a link from Edinburgh to the Borders

At the same time 130 new carriages have been ordered at a cost of £200 million. Performance has also improved with delays cut by 50% and passenger numbers up by 20%.

All trains now carry consistent and specific Scottish branding.

## What might more devolution mean in practice?

Each of our rail networks is different so what might work for one PTE area might not work so well for another. We are currently undertaking further and more detailed work on the pros and cons of the various options for devolution. What follows is a summary of these options and how they might work out in practice.

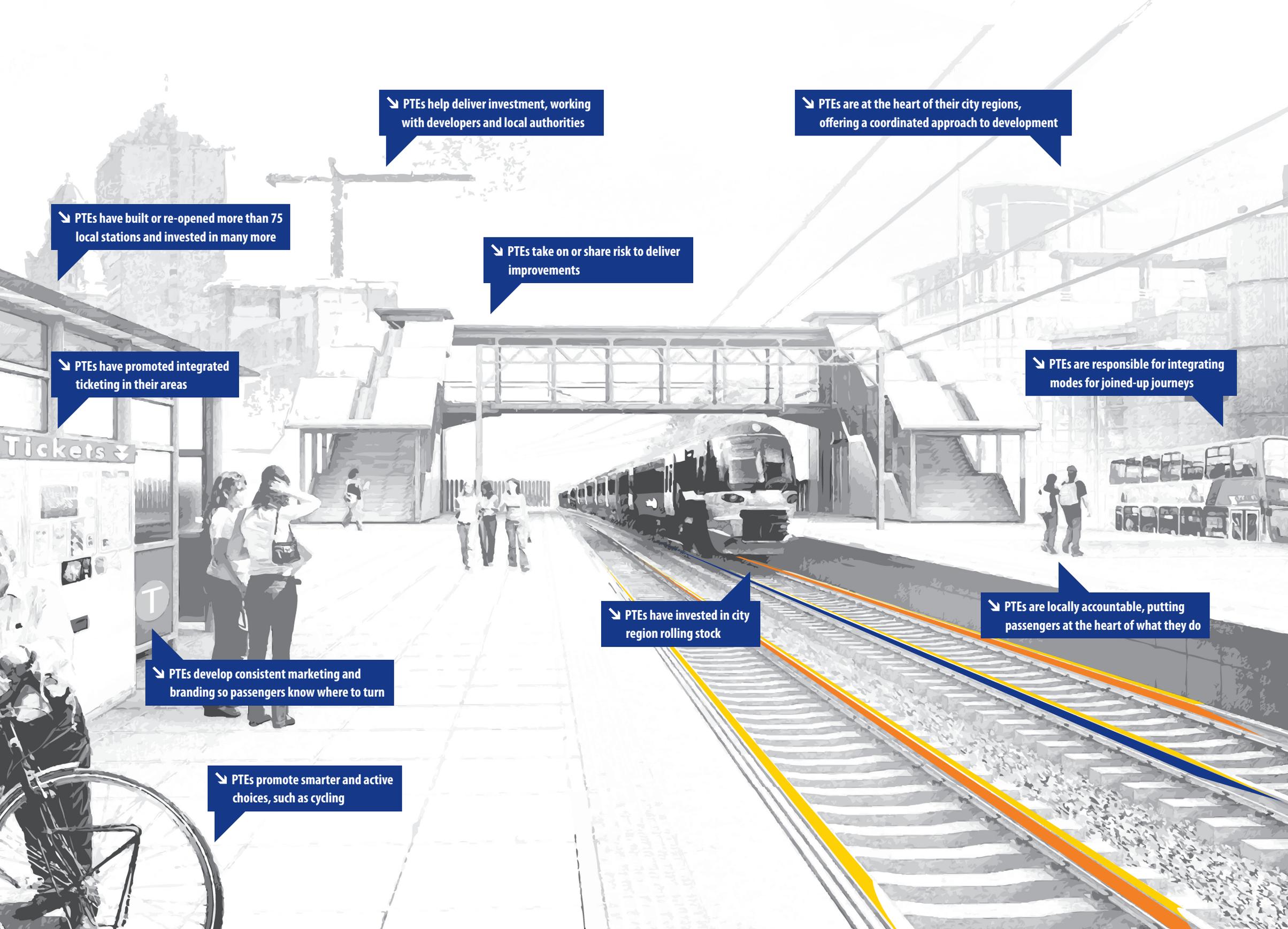
### **On services...**

Rail services are currently provided through the franchising of networks of services by the Department for Transport. When franchising was first introduced, PTEs had automatic rights to be a co-signatory of any franchise. This has given PTEs a seat at the table on franchises – ensuring that there is local input to service and fares specification, as well as in the management of the local rail network, with PTEs able to use their local knowledge to help optimise timetables and deal with problems as they arise.

However, the 2005 Railways Act took away PTEs' automatic co-signatory rights, and made it dependent on the Secretary of State's consent. It has been DfT policy to systematically remove PTE co-signatory status as each franchise is renewed.

The exception to this rule is the self-contained Merseyrail Electrics where Merseytravel is now the franchising authority, with the quality of the local rail network transformed as a result.

The devolution options range from PTEs taking on the role of franchising authority to a lesser or greater degree (for example over defined sets of local rail services) through to the retention of co-signatory powers, or entering into memorandums of understanding with DfT on the franchising of local rail services in our areas.



↳ PTEs help deliver investment, working with developers and local authorities

↳ PTEs are at the heart of their city regions, offering a coordinated approach to development

↳ PTEs have built or re-opened more than 75 local stations and invested in many more

↳ PTEs take on or share risk to deliver improvements

↳ PTEs have promoted integrated ticketing in their areas

↳ PTEs are responsible for integrating modes for joined-up journeys

↳ PTEs develop consistent marketing and branding so passengers know where to turn

↳ PTEs have invested in city region rolling stock

↳ PTEs are locally accountable, putting passengers at the heart of what they do

↳ PTEs promote smarter and active choices, such as cycling

### **On infrastructure...**

Given the relatively self-contained nature of this network, 'vertical integration' (where responsibility for the infrastructure maintenance and renewal would pass from Network Rail to Merseytravel) is a real option for Merseyrail Electrics that would deliver more integrated management of operations and infrastructure.

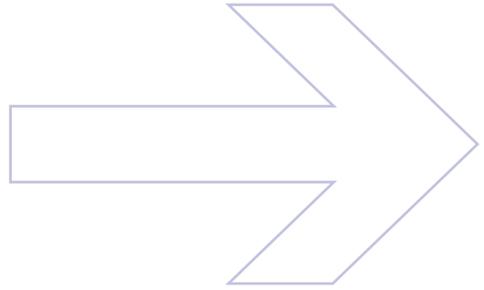
No other PTE rail network is similarly self contained so no other PTE is seeking to take responsibility for the infrastructure. However PTEs do need a more structured set of relations with Network Rail, and more say in the infrastructure investment programmes for our areas.

At present our ability to harness sources of local investment in our rail networks is hampered by our lack of real influence over the way in which Network Rail investment programmes are drawn up for our areas, and by Network Rail's processes which do not always seem appropriate for relatively modest rail upgrades (such as station and track capacity enhancements).

The devolution options here include giving PTEs a secure place within Network Rail's governance, establishing a protocol and structure for engagement between Network Rail and PTEs on ways of working, as well as a more formal and statutory role in the determination of investment programmes.

### **On stations...**

The PTEs have a strong record of investing in high quality public transport interchanges and running those interchanges to the highest standards. Indeed by far the majority of major bus and public transport interchanges for which we are responsible are now new or comprehensively modernised. We have also invested directly in bringing rundown or inadequate rail stations up to scratch through rebuilds or by reinstating staff.



And whereas some train franchisees have no budget whatsoever for significant improvements to stations, we have, do and will continue to invest to make our stations more attractive and welcoming places to be. Furthermore we also have the motivation to improve what local stations offer to their users, and the wider local community. This is not always the case for franchisees (as the investment may not result in a change to their bottom-line) or Network Rail (who are primarily an infrastructure company for whom concentrating investment at the largest rail stations and on the operational infrastructure makes the most sense).

Examples of our investment in stations include:

- Metro have financed the reintroduction of staff and better facilities at a number of key commuter stations on the West Yorkshire rail network
- All stations on the Merseyrail Electrics network are staffed and all have 'Secure Station' status. Merseytravel also built one of Britain's greenest stations at Liverpool South Parkway
- Overall PTEs have opened or re-opened more than 75 stations on the heavy rail network

We believe that there is plenty more scope for PTEs to bring their expertise on stations and interchanges to the heavy rail network.

Options include:

- taking on ownership of stations
- taking over as the leaseholder of stations
- taking a greater role on stations via a wider role on local rail franchises

However, it is important to stress that stations can bring with them liabilities and costs which are currently taken into account in the funding streams that flow to station owners and leaseholders (Network Rail and the operators). PTEs are willing to shoulder an element of risk but clearly, where there are significant liabilities and costs involved in any transfer to the PTEs, the existing funding flows that support those liabilities and costs should also be transferred.

## On rolling stock...

Overall the quality and quantity of the train fleet that serves our areas is inadequate. In the medium to long term the future of the majority of urban commuter rail networks must be green and rapid electric services. Tram-trains (which can operate on both heavy rail lines and city streets) will also have a role. But in the interim we need a rolling stock plan that will provide us with both new and cascaded diesel trains that will provide more commuters with seats and a much more acceptable travelling environment.

In recent years whenever the DfT has invested in new commuter trains they have been for the South East and discussions on new and cascaded trains for the city regions have been protracted and fraught. PTEs need to be more integral to the planning and deployment of cascaded and new rolling stock to ensure that decisions are taken in a more timely and efficient way and to ensure that potential synergies with wider local investment plans or funding flows are fully utilised.

There is also scope for PTEs to have more of a role in the specification and funding of new trains for urban areas. This could include the purchasing or leasing of rolling stock (either by individual PTEs, or collectively with other PTEs and public sector bodies).

## Devolve and thrive!

### ↘ Europe

It is increasingly common in Europe for responsibility for the planning and development of local rail networks to be devolved to the regional or city region level. By and large this brings greater investment and higher passenger numbers. For example:

- in Germany, in the ten years since public transport powers were devolved to the German regions (Länder), passenger traffic has risen by 30%
- in France, devolved funding and powers on rail have allowed cities like Lille to maximise the impact of investment by integrating rail with other modes, resulting in significant patronage increases across public transport - 47% since 2001.

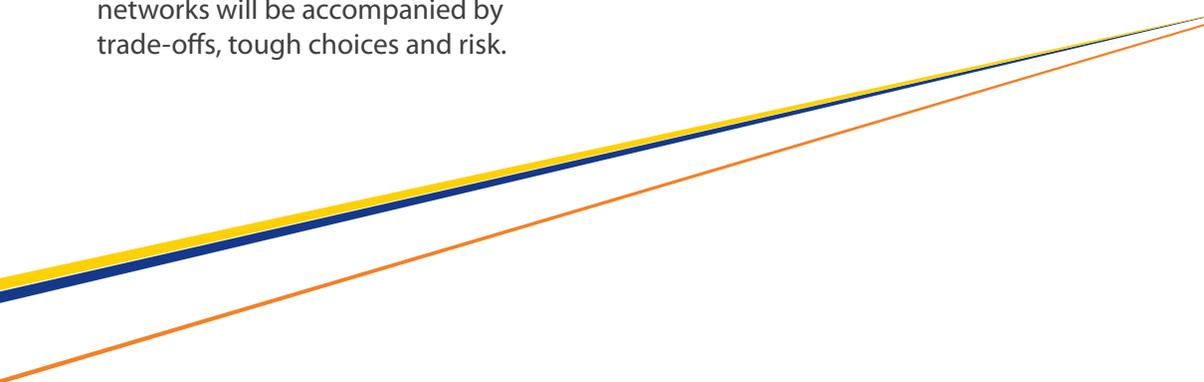
## ...and what we don't want

We want to be more integral to the planning and development of heavy rail in our areas but that doesn't mean we want power for the sake of it, nor do we seek further fragmentation of the rail network.

We want an appropriate degree of devolution recognising that the rail network in our areas often also carries freight and long distance passenger traffic that is important for our cities. We know how crucial the links between our cities, and to London, are and we would not want to jeopardise those links.

We also recognise that more responsibility for decision-making on local rail networks comes with greater liability for the risks and financial implications of those decisions. Whilst costs and risks need to be allocated fairly, we understand that more power to take decisions on heavy rail networks will be accompanied by trade-offs, tough choices and risk.

All of which means:

- we have no ambitions to directly provide rail services ourselves
  - we fully recognise the importance of the long distance and freight services that serve or pass through our areas and that a balance needs to be struck between the needs of local and long distance passenger and freight services
  - we recognise that many of nation's busiest rail hubs are to be found in our areas and we have no desire to take on operational responsibility for them
  - we want to work in partnership with the private sector to deliver better local railways
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## Our role in a better and more responsive railway

It's time for our railways to come home. Remote control from Whitehall needs to be replaced by more locally accountable, responsive and effective ways of managing and developing our rail networks.

The evidence is clear. Devolution is good for passengers and it is good for the areas that railways serve. We have a strong record of supporting and developing our rail networks. Those networks should now play a much more integral role within wider aspirations for city region public transport networks – as they move towards smartcard ticketing, simpler branding, and better integration.

There is more work to be done on the detail of how this is best achieved in each city region. And there is more to be done to make sure that the right balance is struck between costs, risks and responsibilities. This is the start of a debate which we are confident will ultimately enable local rail networks to more fully realise their potential in supporting the green and smart development of city region economies.

## Devolve and thrive!

### ↘ Wales

The Welsh Assembly Government (WAG) is a co-signatory to the Wales and Borders franchise and can specify services and fares in Wales. Management of the franchise passed from DfT to WAG in 2006, including an annual subsidy of £140 million. WAG can also develop and fund infrastructure enhancement schemes. A major benefit has been to improve existing routes, or re-open lines with a strong regeneration focus, locking in wider economic and social benefits.

This includes the Ebbw Vale line reopening at a cost of £30 million. Its new role on rail has given the WAG the confidence to set out a new vision for rail in Wales with a programme set out for further line re-openings, service frequency improvements and additional rolling stock.





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