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The future of rail

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Summary

This paper provides an overview of the current rail system, including how it is delivered and how it performed and was financed up until the spring of 2020 when the UK locked down in response to the global coronavirus pandemic. It explains the impact of the pandemic on services and funding and sets out reforms to rail passenger services (franchises) as a result of the pandemic. The final section discusses the Williams Rail Review, initiated in 2018 and yet to report publicly, setting out the emerging conclusions and key questions to be answered.

The current rail system

Following privatisation in 1993, British Rail was divided into two main parts: the national rail infrastructure (track, signalling, bridges, tunnels, stations and depots) and the operating companies whose trains run on that network. Other parts – such as trains and freight services – were hived off separately.

The infrastructure is owned, maintained and operated by Network Rail, a publicly-owned company (with some limited exceptions). Rail maintenance and upgrades are planned on a five-yearly basis as part of the industry-wide Periodic Review. The industry is currently in Control Period 6, which covers the period 2019 to 2024. Enhancements (e.g. electrification and new signalling) have, since 2017, been part of a separate process, called the Rail Network Enhancements Pipeline (RNEP).

Network Rail is regulated by the Office of Rail and Road (ORR), which is also the safety regulator. It does not regulate rail services.

Rail services are run by privately-owned train operating companies (TOCs) and freight operating companies (FOCs). Passenger services are let as multi-year franchises by the DfT, Scottish and Welsh Governments, except in London and Merseyside where they are let as concession agreements by the relevant local body. Currently two franchises – London North Eastern (LNER) and Northern Rail – are operated by the designated 'Operator of Last Resort' or OLR on behalf of the DfT, rather than under a franchise agreement. The OLR is supported and advised by Arup, SNC Lavalin and EY.

There are a limited number of 'open access' operators on the network, who run rail services outside of the franchising process by securing timetable slots from the regulator (e.g. Hull Trains, Grand Central).

The trains (rolling stock) are owned by private rolling stock leasing companies (ROSCOs) and leased to the TOCs. The franchising authorities (DfT, Scottish and Welsh governments) have a significant say in the types of trains that TOCs lease through the detailed Franchise Agreements.

Impact of the coronavirus pandemic

The number of people using the railways over the course of the last six months has been significantly below 2019-levels. The unprecedented fall in usage can be attributed almost entirely to the measures taken in March 2020 to limit the impact of the coronavirus pandemic. The most recent data shows that the week to 15 September had 35% of the number of passenger journeys compared to the same period last year.

With fewer people using the railways during the pandemic passenger revenue has fallen dramatically (by half a billion between October 2019 and March 2020). The Government approved £3.5 billion of additional spending to support train operating companies during the pandemic. Ultimately, this figure is expected to be much higher, and will depend on how long

it takes passenger numbers to recover, particularly the number of those purchasing season tickets.

The next statistical release from the ORR expected later this year, which will cover Q1 of 2020-21 (April–June 2020), is likely to show further falls in passenger numbers, train service levels, and passenger revenue.

Reforms to rail franchises

Given the collapse in passenger numbers caused by the onset of the pandemic, on 23 March the Secretary of State for Transport, Grant Shapps, announced that train companies operating franchises let by the Department for Transport would be able to temporarily transition onto Emergency Measures Agreements (EMAs). The EMAs suspended the normal financial mechanisms of franchise agreements, transferring all revenue and cost risk to the Government for an initial period of six months while the incumbent private operators continued to run day-to-day services for a small, pre-determined management fee (a maximum of 2% of the cost base of the franchise before the pandemic began).

The EMAs expired on 20 September.

On 21 September the DfT announced that EMAs would be replaced with Emergency Recovery Management Agreements (ERMAs). The Government describes these as having tougher performance targets and lower management fees, set at a maximum of 1.5% of the cost base of the franchise before the pandemic began. They argued that this would allow the DfT to make an early start on key reforms, including requiring operators to co-ordinate better with each other and driving down the railways' 'excessive capital costs'.

The ERMAs run for up to 18 months (until March 2022) and are "designed to … bring current franchises to an end when these agreements expire". In a stock market statement, First Group said that the DfT intends to begin discussions with train companies to "transition to new, directly-awarded contracts for the longer term, which would come into effect at the end of the ERMAs". It is not clear what precisely this means, and it will depend on what, if any, legislative change the Government brings forward.

Williams Review, Government White Paper and long-term reform

The then Secretary of State for Transport, Chris Grayling, launched a 'root-and-branch' review of the railway on 20 September 2018. Keith Williams, deputy chairman of the John Lewis Partnership and former chief executive of British Airways, was appointed to chair the Review and was given a clear mandate to 'deliver revolution'. At the heart of the Review was the aim to put customers – passengers and freight companies – first.

Throughout 2019 Keith Williams spoke publicly about his emerging findings and the options the Review was considering. These included: the creation of a new National Rail Body or 'guiding mind' with overall responsibility and accountability for track and train; removing the Department for Transport from the day-to-day running of the railway; ending franchising in its current form; more devolution; and greater standardisation across the industry.

The rail industry has already proposed sweeping reforms of the fare structure to make it simpler and easier to understand and the coronavirus pandemic has accelerated long-standing calls for flexible ticketing options for commuters who may no longer want to travel into major cities five days a week.

The Government has said repeatedly over the past 12-18 months that it intends to publish a White Paper informed by Williams' recommendations. The publication of the White Paper has been delayed due to the General Election and by the coronavirus pandemic. On 21 September

Grant Shapps said that the White Paper "will be published when the course of the pandemic becomes clearer".

1. The current rail system

1.1 The basics

Following privatisation in 1993, British Rail was divided into two main parts: the national rail infrastructure (track, signalling, bridges, tunnels, stations and depots) and the operating companies whose trains run on that network. Other parts – such as trains and freight services – were hived off separately.

The **infrastructure** is owned, maintained and operated by Network Rail, a publicly-owned company, with the exception of the HS1 route through Kent and the Core Valley Lines (CVL) in Wales, which are maintained and operated by private companies under agreements with the UK and Welsh Governments respectively.

Rail maintenance and upgrades are planned on a five-yearly basis as part of the industry-wide Periodic Review. The industry is currently in Control Period 6, which covers the period 2019 to 2024. Enhancements (e.g. electrification and new signalling) have, since 2017, been part of a separate process, called the Rail Network Enhancements Pipeline (RNEP). The first update of projects within this pipeline was published in October 2019. These programmes of work are publicly funded, though there is a small number of schemes in the RNEP that could be privately financed.

Network Rail is **regulated** by the Office of Rail and Road (ORR), which is also the **safety** regulator. The ORR does not regulate the quality/performance of rail services.

Rail services are run by privately-owned **train operating companies** (TOCs) and **freight operating companies** (FOCs). Passenger services are let as multi-year franchises by the DfT, Scottish and Welsh Governments, except in **London** and **Merseyside** where they are let as concession agreements by the relevant local body. There are currently two franchises – **London North Eastern (LNER)** and **Northern Rail** – that are operated by the designated 'Operator of Last Resort' or OLR on behalf of the DfT, rather than under a franchise agreement. The OLR is supported and advised by Arup, SNC Lavalin and EY.

For more information on rail franchising, see Commons Library briefing paper *Passenger rail services in England*, CBP 6521, January 2018

There are a limited number of **'open access'** operators on the network, who run rail services outside of the franchising process by securing timetable slots from the regulator (e.g. Hull Trains, Grand Central).

The **trains** (rolling stock) are owned by private rolling stock leasing companies (ROSCOs) and leased to the TOCs. The franchising authority (DfT, Scottish and Welsh governments) have a significant say in the types of trains that TOCs lease through the detailed Franchise Agreements.

Railway **stations** are owned by the network operator, most being leased to the TOC that is the main user of that station. Network Rail retains the operation of the main passenger terminals, including all the major stations in London.

There are two **passenger users' groups** that speak for the passenger, undertake research on their views, and can assist with complaints. They are

Transport Focus (for services outside London) and London TravelWatch (for services in London).

The Rail Delivery Group (RDG) represents the industry and develops policy on its behalf.

The Association of Community Rail Partnerships (ACorP) is a federation of over 60 **community rail** partnerships and rail promotion groups, which brings together railway companies, local authorities and the wider community to promote and develop local rail services. They are funded mainly by local authorities and the local train operator.

1.2 Scotland, Wales & Northern Ireland

Railways in **Northern Ireland** are completely devolved, governed by separate legislation and managed in a different way. The services and infrastructure are operated by a number of companies, all owned by the state-owned Translink. The NI Department for Infrastructure has transposed key EU rail legislation directly into NI law.

You can read more about rail and other transport issues in NI, Scotland and Wales from: Research and Information Service (RaISe) for the Northern Ireland Assembly; Scottish Parliament Information Centre (SPICe); and Research Service of the National Assembly of Wales.

Across Scotland and Wales there is some devolution, but other areas remain 'reserved' – meaning that responsibility resides with the UK Government.

In **Scotland**, Schedule 5, Part II, Head E of the *Scotland Act 1998*, as amended, prescribes those areas reserved to the UK Parliament; everything else is devolved. The 1998 Act was substantially amended in 2012 and 2016. In general, the provision and regulation of railway services is a reserved matter except for those that both begin and end in Scotland, which are devolved. This includes rail safety and security. The Scottish Government is responsible for letting and managing the Scotrail and Caledonian Sleeper franchises, setting regulated rail fares and determining Network Rail's priorities and funding for projects in Scotland.

Transport Scotland was established as an executive agency of the then Scottish Executive in January 2005. It is the national transport agency for Scotland and has a directorate dedicated to delivering rail services and projects.

In **Wales**, the original devolution settlement under the *Government of Wales Act 1998* did not equip the National Assembly for Wales with primary law-making powers, and most transport policy remained under Westminster control. In 2014, the Silk Commission recommended that the National Assembly should move to a reserved powers model like Scotland. This was then enacted by the *Wales Act 2017*.

Schedule 7A, Part II, Head E prescribes those areas reserved to the UK Parliament, including some road and rail transport, and almost all aviation, maritime and transport security matters. The main devolved areas are in local and public transport and the Wales & Borders rail franchise. However, infrastructure planning and the funding of Network Rail in Wales remains reserved, unlike in Scotland where this aspect is devolved.

Transport for Wales (TfW) was established in 2015 as a wholly-Welsh Government owned company. Its rail unit, TfW Rail Services, run by KeolisAmey, operates the Wales and Borders franchise.

1.3 Local rail delivery in England

Since 2010 a profusion of local and regional bodies has emerged with different levels of responsibility for transport funding and planning. These include the traditional two tier (county and district) councils, unitary councils, combined authorities – with and without elected mayors, local enterprise partnerships (LEPs), integrated transport authorities and sub-national transport bodies (STBs). Some areas have 'devolution deals' with the Government, each delivering different levels of responsibility for local transport.

Ultimately the Department for Transport is responsible for determining all rail infrastructure projects and letting the contracts for all the rail franchises in England (excepting those on the Transport for London rail network and Merseyrail in the North West). Local areas can contribute to the decisions the DfT takes by feeding in at an early stage, e.g. during consultations on new franchise specifications. Transport for the North (and any future STBs, should any be formally designated) provides advice to DfT as part of its statutory powers by e.g. publishing a regional strategic transport plan, which the Secretary of State must 'have regard' to.

Local authorities and LEPs can support local and regional rail schemes in their areas through different funding streams, including the Local Growth Fund. These include things like rail station upgrades and small improvements works like signalling upgrades over limited sections of track.

In **London** the Mayor of London and Transport for London (TfL) let contracts to run the London Overground rail network and TfL Rail, but all the main stations and the tracks remain the responsibility of Network Rail.

A number of metro mayors are keen to see their rail powers extended so that they can have more power over the design and oversight of their local rail networks (like the Mayor of London). The 2019 Conservative Manifesto committed to "giving metro mayors control over services in their areas".

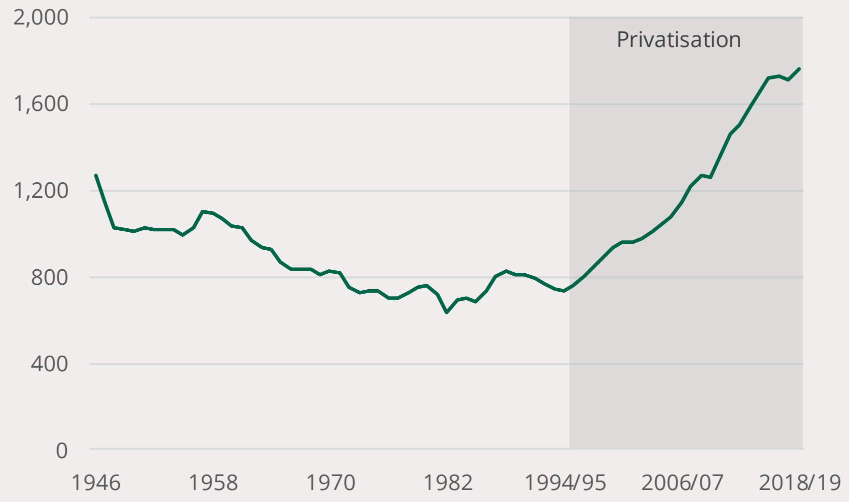
1.4 Performance

Throughout much of the post-war period the number of passengers on Britain's railways decreased almost annually. By 1982 passenger numbers were down 38% compared to 1948 making it the year with the lowest number of passengers. Over the next 40 or so years, and in particular after the privatisation of the railways in the mid-1990s, passenger numbers increased sharply with an average annual increase of 4%.[1] The number of passengers using Britain's railways prior to the pandemic was similar to levels last seen in the early 1920s (for more information on data since the pandemic see section 2.1, below).

[1] There is a lively debate about whether privatisation caused all or some of the passenger increases or whether it just happened to coincide with a railway boom caused largely by external factors; for more on this see section 5 of Commons Library briefing paper *Transport 2015*, CBP 7177, May 2015

Passengers have increased since privatisation

Passenger journeys (millions)

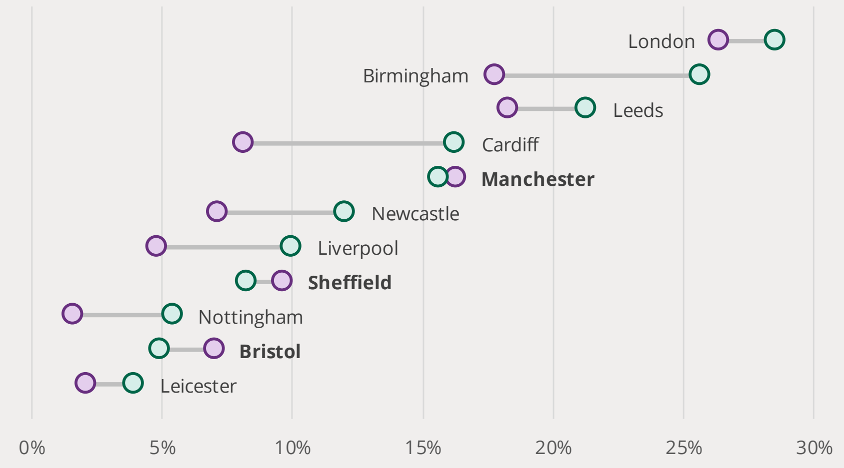


Source: Department for Transport, Table TSGB0601 Passenger travel by railway

One of the impacts of the increase in passenger numbers is overcrowding. This can perhaps be best seen during the morning rush hour. Across 11 major British cities the proportion of passengers having to stand on their 8-9 am morning commute has increased in all but 3 – Manchester, Sheffield and Bristol:

More passengers stand on their morning commute

Proportion of passengers standing on 8-9am services, **2011** vs **2018**



Source: Department for Transport, Table RA102 Rail passenger crowding on weekdays

Service punctuality, as measured by the Public Performance Measure (PPM), improved consistently during the early 2000s, but plateaued over the last decade, with notable drops in performance coinciding with periods of industrial action and timetabling problems.

The Public Performance Measure (PPM)

The Public Performance Measure (PPM) is no longer used by the Office of Rail and Road (ORR) or the Department for Transport (DfT) to measure passenger train punctuality.

The rail industry has developed a new set of punctuality and reliability performance measures for Control Period 6 (April 2019 to March 2024).

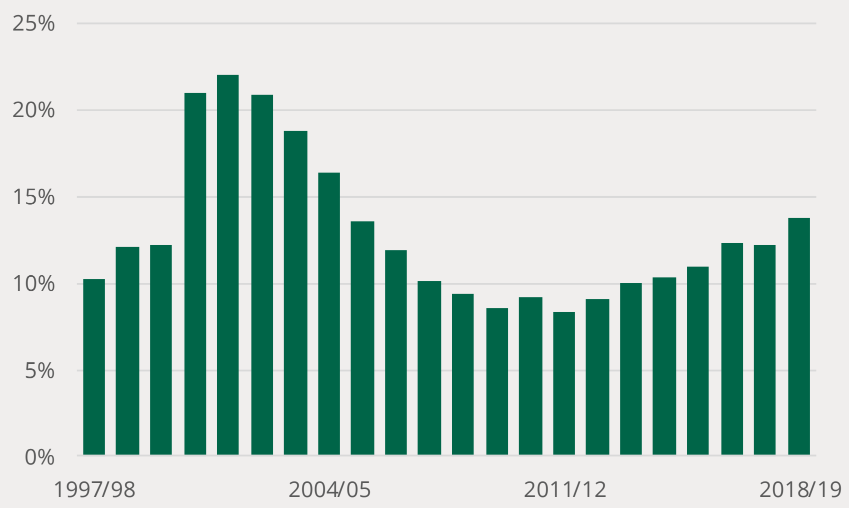
However, the PPM is the only measure that provides **historic data** back to the mid-1990s.

Details on the new measures and how they differ from the PPM can be viewed in the ORR's Passenger Rail Performance statistical releases.

Over the past few years, a greater proportion of trains have been arriving late at their destination. In 2018/19 around 14% of passenger trains were late; this is a 5-percentage point increase on the proportion late in 2010/11.[2]

Trains are increasingly late

The proportion of trains arriving at their final destination late as measured by the inverse of the Public Performance Measure



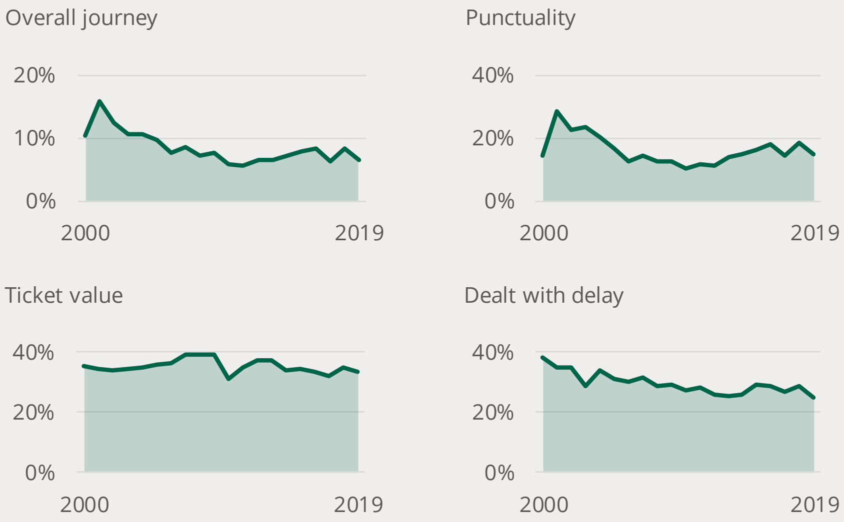
Source: Department for Transport, Table TSGB0605 Public Performance Measure

Passengers are generally happy with the performance of the railways and the quality of their journeys. According to surveys undertaken by Transport Focus, the independent transport watchdog, in 2019 there was a 4-percentage point fall in the number of passengers who were dissatisfied with their journey compared with 2000. Despite these generally positive views, ticket value remains a concern for a third of rail passengers.

[2] The peak in the early 2000s was a knock-on effect of the restrictions put in place following the Hatfield crash in October 2000

Most passengers are generally happy with their journey

Passengers who are dissatisfied, all franchised train operating companies



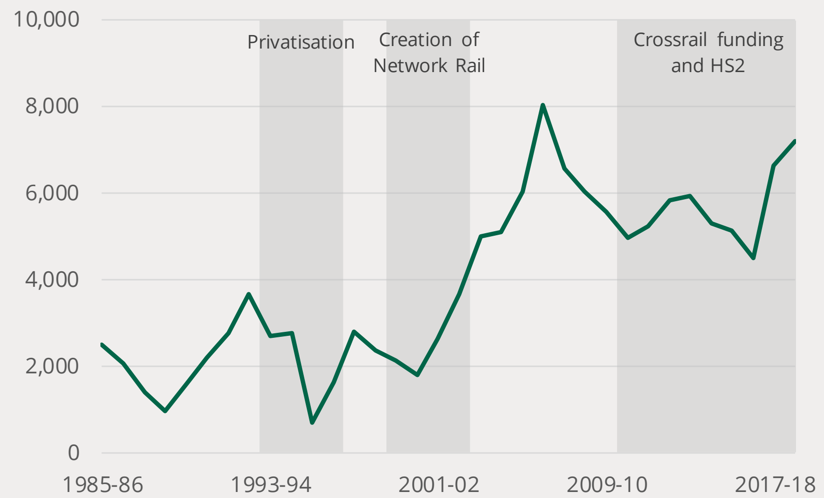
Source: Department for Transport, National Rail Passenger Survey

1.5 Financing, funding and fares

Running a railway is not cheap. The chart below shows historic changes in government support for the rail sector in Great Britain from the mid-1980s. In 2018-19 this amounted to just under £7.2 billion (2019-20 prices).

Government support to the rail industry

Total government subsidy made from Department for Transport, Transport Scotland and Welsh Government, Great Britain, £million real terms 2019-20 prices

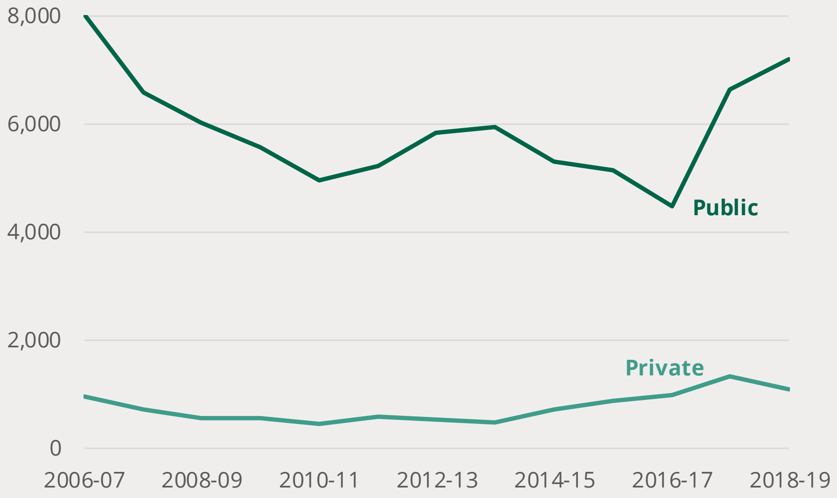


Source: Office of Rail and Road, Government Support to the rail industry, table 1.6; HM Treasury, GDP Deflator June 2020

Despite a sharp fall immediately after privatisation, public subsidy rose sharply from the turn of the millennium until the 2008 recession. Since then it has fluctuated. Public subsidy has far exceeded the overall levels of private investment in the rail sector over the last decade.

Public and private investment in the railways

Total government subsidy and private investment in the rail sector, Great Britain, £ million real terms 2019-20 prices



Source: Office of Rail and Road, Government Support to the rail industry, table 1.6 and 1.9; HM Treasury, GDP Deflator June 2020

Network Rail, the public body that owns and maintains the railway infrastructure, has a 5-year funding cycle known as a 'control period'. Typically the Office of Rail and Road (ORR) conduct a review in line with the control periods to determine the outputs Network Rail should deliver along with approving the budget for this. Network Rail's budget for Control Period 6 (the current control period) is £35 billion. Almost all of this budget is for England and Wales (£31 billion) with the remainder allocated for Scotland.[3]

Network Rail has a large debt which, at the end of 2018/19 stood at £54.1 billion, up from £51.3 billion the previous year.[4] Network Rail became a public sector body in September 2014 and its debt subsequently transferred onto the Government's balance sheet.

Fares

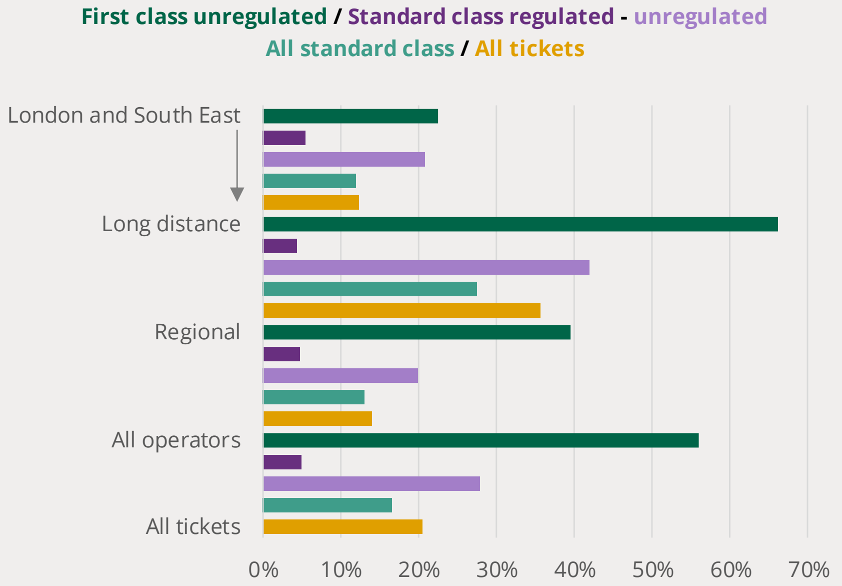
Rail fares are 20 per cent more expensive now than they were in 1995. The long-distance sector has seen the biggest real terms change in rail fares since the series began in 1995, while the average fare increases on first class tickets have been over three times that of standard class tickets. These increases are largely due to unregulated fares having a greater share of the market in the long-distance sector, and unregulated fares not being subject to the inflationary cap set by the government and devolved administrations (see below).

[3] ORR press notice, "ORR approves £35bn plans to boost Britain's railway reliability and timetabling", 31 October 2018 [2017/18 prices]

[4] Network Rail, *Network Rail Limited: Annual Report and Accounts*, July 2019

Rail fares are 20% more expensive in real terms than in 1995

Real terms change in average price 2020 on 1995 by sector, class and ticket status; Great Britain



Source: Office of Rail and Road, Rail fares, table 1.81

There are essentially two sorts of fares:

> **Regulated fares** (about 45% of fares, largely made up of London commuter fares and season tickets), whose annual increase is capped – by the Secretary of State in England, Welsh Ministers in Wales and Scottish Ministers in Scotland – and linked to the previous year's July RPI figure; and
>
> **Unregulated fares** (all other fares, including first class and advance purchase), which are set entirely at the discretion of the train operators.

The key driver of higher fares over the past decade or so has been a policy decision by consecutive governments to shift the burden of funding the railways from the taxpayer to the passenger. After privatisation there was a consistent increase in the proportion of rail costs funded by the taxpayer, and a pattern of 25–35 per cent subsidy in the second half of the 1990s became 40–50 per cent after 2000. By 2005/06 taxpayers were paying a higher proportion than fare payers. The Labour Government's 2007 Rail White Paper stated that "this is clearly not sustainable"[5] and said that between 2009 and 2014 'cost efficiencies' would "allow the subsidy requirement to return closer to historic levels".[6] In its 2012 command paper the Coalition Government stated its intention to bring down taxpayer and fare payer funding for the railway.[7]

[5] DfT, *Delivering a Sustainable Railway*, Cm 7176, July 2007, p126
[6] ibid., pp127-9
[7] DfT, *Reforming our Railways: Putting the Customer First*, Cm 8313, March 2012, p12

The most recent data shows that in 2018-19 the split was about 48-52 (passengers providing 48% of rail industry income), a small decrease on the previous year and a sharp decline compared to five years previously when the split was 39-61 (passengers providing 61% of rail industry income). For the franchised train operating companies alone, passenger income accounted for about 70 per cent of the total in 2018-19.[8]

There is a wider debate about how efficient the GB rail sector is, rehearsed at length in the 2011 McNulty Rail Value Money for Study and other reports. You can read an account of this debate in section 5 of Commons Library briefing paper *Transport 2015*, CBP 7177, 2015.

[8] ORR, *UK rail industry financial information 2018-19*, 26 February 2020, pp10-11 and *GB rail industry financial information 2013-14*, February 2015, p15

2. Impacts of the coronavirus pandemic

On 31 December 2019, an outbreak of a pneumonia of unknown cause, detected in Wuhan, China, was first reported to the WHO Country Office in China. The disease was subsequently identified as a coronavirus and later classified as a new disease called Covid-19. On 11 March 2020, the World Health Organization (WHO) declared Covid-19 to be a pandemic.[9]

The UK Government and the nations of the UK took various actions to deal with the pandemic. This included lockdowns and restrictions on travel and interactions with other people. The result has been that over the six months to the middle of September 2020 there has been a dramatic fall in the number of people using rail services. This in turn has meant that the Government has had to provide financial support to keep the industry afloat and has caused it to rethink the proposals it had already been working on for reform of the industry (see sections 3 and 4, below).

This section explains the impact of the pandemic and the actions Governments and the industry have taken in response to the fall in passenger numbers and fares income.

2.1 Service levels, passenger numbers and impact on income

The number of people using the railways reduced significantly over the six months between March and September 2020. Data on passenger rail usage shows that in Q4 of 2019-20 (covering the period “before and immediately following the government’s announcement of measures to limit the impact and transmission of the coronavirus pandemic”) 68 million (15%) fewer journeys were made compared to the previous quarter.[10] This was the largest fall for any quarter since the time series began in 1994-95.

Performance during the first quarter of 2020-21 (1 April 2020 to 30 June 2020) continued to be affected by the pandemic. Following the start of restrictions in the UK in March this year, there was a substantial reduction in trains planned and rail usage. This led to improvements in punctuality and reliability over the following months. In 2020-21 Q1, there were 1.2 million trains planned in Great Britain. This was down 36.7% compared with the same quarter last year.[11]

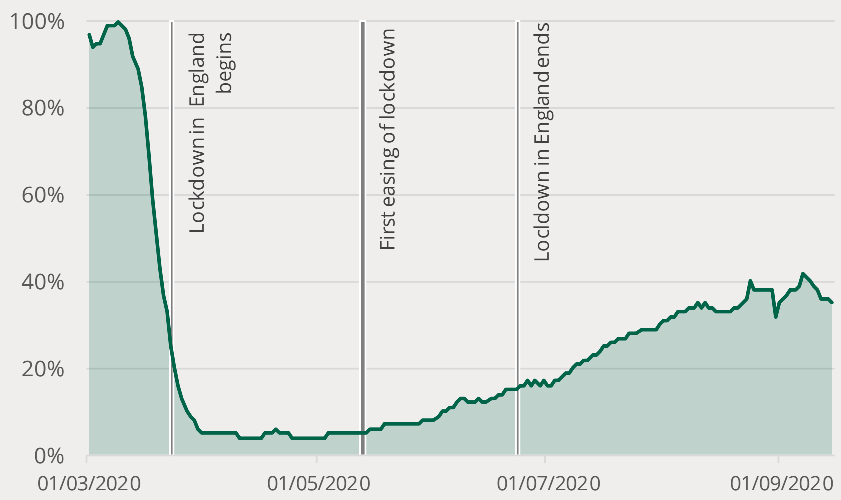
The unprecedented fall in usage can be attributed almost entirely to the measures taken in March 2020 to limit the impact of the coronavirus pandemic. Long distance operators had the largest proportional decrease in passenger journeys (21%) followed by regional operators (18%) and London and South East operators (13%).

[9] WHO, *WHO Director-General's opening remarks at the media briefing on COVID-19*, 11 March 2020
[10] ORR, Passenger rail usage 2019-20 Q4, table 12.6
[11] ORR, Passenger rail usage 2020-21 Q1, p. 2

To help monitor the use of transport during the pandemic the DfT has published daily railway usage data. The usage data is calculated by summing the number of journeys, based off ticket sale data, for the week-to-date for 2020 and expressing this as a percentage of the equivalent week in 2019.[12]

Travel by rail dropped significantly during lockdown

People travelling by rail in the week-to-date as a proportion of the number in the same week in 2019; 1 March 2020 - 15 September 2020



Source: Department for Transport, Transport use during coronavirus (Covid-19) pandemic

Up until around the 13 March passenger journeys on Britain's railways were between 90-100% of the same number in the previous year. After the weekend of the 14 March however passenger journeys steadily declined. By the time lockdown was announced on 23 March passenger journeys on the railway were around 25% of the figure for the same period in 2019. Up until the easing of lockdown on 13 May passenger journeys stayed around 5% of the number experienced in 2019 before slowly increasing. Data for the week to 15 September shows that the railways saw 35% of the number of passenger journeys compared to the same period last year.

With fewer people using the railways during the pandemic passenger revenue has fallen dramatically. In Q3 of 2019-20 (October-December 2019) passenger revenue was around £2.7 billion. By the end of Q4 (January-March 2020) this had fallen by £480 million (18%) to around £2.2 billion.[13]

The Government approved £3.5billion of additional spending to support train operating companies during the pandemic (see section 2.2, below).[14] Ultimately, this figure is expected to be much higher, and will depend on how long it takes passenger numbers to recover, particularly the number of those purchasing season tickets.[15] Some experts have estimated that on

> The next statistical release from the ORR expected later this year, which will cover Q1 of 2020-21 (April–June 2020), is likely to show further falls in passenger numbers, train service levels, and passenger revenue.

[12] Further information on how the DfT calculates transport usage during the pandemic can be found in the methodological note to the data

[13] ORR, Passenger revenue by sector, table 12.8

[14] Transport Committee, *Oral evidence: Coronavirus: implications for transport*, HC 268, 24 June 2020, Q344; see also: DfT, *DfT: annual report and accounts 2019 to 2020*, HC 718, 17 September 2020, Note 28

[15] See, e.g. Prof Tony Travers of the LSE in "UK rail bailout hits £3.5bn and set to rise further", *Financial Times*, 18 June 2020

average each rail journey taken during the pandemic receives about £100 in taxpayer subsidy. This figure is not accepted by the Government.[16]

Train operators have been ramping up the number of services they are running over the past few weeks, but the two-metre social distancing rule means carriages can only be 10-20% full. Even with social distancing of one-metre, trains are only able to accommodate up to 45% of their previous capacity.[17]

2.2 Emergency Measures and Recovery Management Agreements for franchises

Since privatisation in the mid-1990s, there have been two types of passenger rail service on the GB rail network: open access operators (i.e. those that bid for 'slots' – specific parts of the overall national rail timetable – to operate their own passenger services) and franchisees (i.e. those who operate a contracted service on a particular part of the rail network under licence from the Government and the Regulator). By far the majority of services are franchises.

Franchising involves the Government setting out a specification for what it would like a franchisee to do over a set period (level of service, upgrades, performance etc.). Companies then bid for the right to operate a franchise to that specification. The Government picks whichever company it thinks will deliver the best overall package for the franchise and give the best value for money.

Franchise Agreements include details of the performance standards that franchisees must meet and arrangements for the termination of a franchise in the case of failure to meet these standards.

Apart from franchises, as indicated above there are a few companies that operate 'open access' services, meaning they are entirely commercial operations. The two main companies – Hull Trains and Grand Central – closed all their services when the pandemic hit and passenger numbers collapsed. Grand Central re-started services at the end of July and Hull Trains resumed limited services from 21 August.[18]

Emergency Measures Agreements (April-September 2020)

Given the collapse in passenger numbers caused by the onset of the pandemic (see section 2.1, above), on 23 March the Secretary of State for Transport, Grant Shapps, announced that train companies operating franchises let by the Department for Transport would be able to

[16] "Rail subsidies costing UK taxpayer £100 per journey in lockdown", *The Guardian*, 18 June 2020

[17] RDG press notice, "More room for passengers as rail industry 'boosts timetable to boost confidence' of those returning to school and work", 24 August 2020; "Coronavirus: Rail operators call for 1m distancing", *The Times*, 8 June 2020; some operators are requiring a seat reservation to travel, see e.g. LNER, *Travel with confidence* [accessed 21 September 2020]

[18] Grand Central, *Latest travel information from Grand Central* [accessed 10 August 2020] and Hull Trains, *Resuming our services* [accessed 10 August 2020]

temporarily transition onto Emergency Measures Agreements (EMAs).[19] The key features of EMAs were:

> Suspension of the normal financial mechanisms of franchise agreements, transferring all revenue and cost risk to the Government for an initial period of six months, with options for further extension or earlier cancellation as agreed; and
>
> Operators continued to run day-to-day services for a small, pre-determined management fee (a maximum of 2% of the cost base of the franchise before the COVID-19 pandemic began).[20]

The Secretary of State made it clear this was "not a new model" but:

> … a temporary solution, taking the steps necessary to protect services now in a cost-efficient way, and ensuring current events have as little impact as possible on the railway in the longer term. Allowing operators to enter insolvency would cause significantly more disruption to passengers and higher costs to the taxpayer.[21]

Every franchisee moved onto an EMA with the exception of London and North Eastern Railway (LNER) and Northern Rail, which were already operated in the public sector by the Operator of Last Resort (OLR) before the pandemic struck. Had any other franchisees decided not to move onto EMAs they would in all likelihood have been in financial default of their Franchise Agreement in very short order and the service would have moved into the public sector under the operation of OLR.

In the lead up to the end of EMAs on 20 September ministers indicated that they were considering a range of future options to determine the most appropriate approach to providing rail services from that date.[22] Appearing before the Transport Select Committee on 24 June the Secretary of State indicated that the wider reform proposals that form part of the Williams Review (see section 3, below) would be considered alongside the need to deal with the end of EMAs in September. He said:

> … we were already going to be moving to a different type of railway and different types of contracts … there is now the opportunity to move things along a little bit faster than might otherwise have been the case.
>
> […] The steer I am trying to give you is that we already knew that the railway had to change. Because of what has happened, we have ended up running all the operations or being the ultimate guarantor of them, as it were. That provides a number of different challenges but also some very significant opportunities to move much faster to a different type of railway […] a bit more like the way that Transport for London actually contracts other operators to run London Overground lines. They are run as concessions. Most people would

[19] ScotRail and Caledonian Sleeper agreed to EMAs with the Scottish Government in April, see: "ScotRail and Caledonian Sleeper agree to EMAs", *RAIL Magazine*, 21 April 2020 and Transport for Wales services operate under an EMA with the Welsh Government, see: Government of Wales press notice, "Up to £65 million set aside to keep Wales' railway running", 31 May 2020

[20] Rail Update: Written statement - HCWS175, 23 March 2020; for more details, see an example EMA such as *EMA FOIA 2000 Public Register Copy for Abellio East Anglia*, Version 1.0X, 31 March 2020; other EMAs are available to view

[21] Ibid.

[22] Railways: Coronavirus: Written question – 74502, 20 July 2020

> not realise that because they look like part of TfL, but London Overground lines are run privately. They are run on the basis of the fare being collected centrally, by TfL in that case, and investment decisions being made by the central organisation. That is basically what Keith Williams proposed.
>
> Winding back to the situation today, we are running the railway and covering the fare deficiency. Clearly, what we need to do is put in place a situation that gets to the Williams world. In some ways, the route between where we were and where we need to get to has been changed and, you might say, speeded up.[23]

Statistical reclassification of rail franchises, July 2020

On 31 July the Office for National Statistics (ONS) published letters to the Treasury and the Scottish Government notifying them of the ONS' decision to re-classify franchisees operating on EMAs as 'public non-financial corporations' with effect from 1 April 2020, the date the EMAs came into force.[24] Its main reasons for taking this decision were that:

> The EMAs place constraints on the capacity of franchisees to raise funds (e.g. by borrowing or entering into any loan or lending agreement);
>
> The main reason franchised train services continue to run is because it is Government policy to ensure the continuation of these services;
>
> Almost all the financial risks associated with rail transport are now borne by the Government; and
>
> For the duration of the EMAs, without the permission of the Secretary of State for Transport franchisees cannot take key decisions that relate to their corporate policy (e.g. increasing their workforce, reducing their workforce by more than 5%, or reducing ticket prices).[25]

The Rail Delivery Group (RDG), which represents the rail industry, said that:

> This is a temporary accounting change that reflects the extent of government involvement in running trains during a national emergency. The Covid crisis presents a chance to move towards a new way of running the railway where contracts put customers at the centre and the private sector's track record of attracting people to travel by train in safety is harnessed to boost the economy, the environment and the public finances.[26]

Emergency Recovery Management Agreements (ERMAs), September 2020-

The EMAs expired on 20 September.

On 1 September it was reported that the Department for Transport had extended First Group's Great Western Railway (GWR) EMA until at least 26 June 2021. The *International Railway Journal* reported that the DfT has an option to extend the EMA beyond June 2021 and GWR has the right to

[23] Transport Committee, *Oral evidence: Coronavirus: implications for transport*, HC 268, 24 June 2020, Qq346-8

[24] ONS press notice, "Correspondence on classification of train operating companies now running under emergency measures agreements", 31 July 2020

[25] Ibid.

[26] RDG press notice, "Rail industry response to ONS classification", 31 July 2020

revert to operating with revenue risk but with protection provided though the Forecast Revenue Mechanism until at least 2023.[27] GWR has been treated separately from the other franchises due to the fact that First was awarded a new Direct Award for the franchise on the same day as the EMAs were agreed back in March and the two are therefore able to take account for one another in a way that other Franchise Agreements have not been able to do.[28]

On 21 September the DfT announced how it would proceed with the other franchises. At the moment, no other franchises will be taken back in-house and run by the state-owned operator of last resort (OLR), instead EMAs are replaced with Emergency Recovery Management Agreements (ERMAs). The Government describes these as:

At time of publication no further details had been published and ERMAs were not yet available on the DfT website to examine in detail.

Having "tougher performance targets";

Allowing DfT to "make an early start on key reforms, including requiring operators to co-ordinate better with each other and driving down the railways' excessive capital costs";[29]

Having lower management fees, set at a maximum of 1.5% of the cost base of the franchise before the pandemic began; and

Running an "almost full" service to ensure there is space to help passengers travel safely.[30]

The ERMAs run for up to 18 months (until March 2022) and are "designed to … bring current franchises to an end when these agreements expire".[31] In a stock market statement, First Group said that the DfT intends to begin discussions with train companies to " transition to new, directly-awarded contracts for the longer term, which would come into effect at the end of the ERMAs":

> To this end, each of the ERMAs requires that by mid-December 2020 the TOC [train operating company] agrees with the DfT whether, and if so, how much parent company support or other payments are required to terminate the pre-existing franchise agreements. If any such termination sums are agreed, they would fall due at the end of the ERMA term, at which point the pre-existing franchise contract would terminate by agreement. However if the termination sum for a TOC cannot be agreed by mid-December then the DfT has the right to terminate the ERMA early, with the TOC reverting to substantially all of the pre-existing franchise terms, from mid-January 2021. Assuming the termination sums are agreed, the DfT intends to negotiate a new

27 The Forecast Revenue Mechanism (FRM) offers protection against shortfalls in revenue relative to the winning franchise bidder's bid revenue line, and ensures operators share revenue with the Government when revenue outperforms this forecast outside of predetermined variances [*Rail franchising: Government Response to the Committee's Ninth Report of Session 2016–17* (Tenth Special Report of Session 2016–17), HC 1145, 26 April 2017, p2

28 "DfT extends Great Western Railway emergency agreement to 2021", *International Railway Journal*, 1 September 2020

29 Given that the vast majority of infrastructure projects come under the auspices of Network Rail, a publicly-owned body since 2002, it is unclear what this means in practice

30 DfT press notice, "Rail franchising reaches the terminus as a new railway takes shape", 21 September 2020

31 Rail update: HCWS460, 21 September 2020

> direct award contract under which the TOC will deliver passenger rail services following the end of the ERMA.[32]

What this means, in effect, is that all the current franchises will be brought to an end by March 2022 (some in January 2021 depending on how these negotiations progress).

Current franchises and expiry dates

There are 14 franchises let by the Secretary of State (ScotRail and Wales & Borders are devolved). These are listed below with their current end dates:

Franchise	Start date	End date
Chiltern	2002	2021
Cross Country	2007	October 2020
East Coast (public sector operator)	2018	n/a
East Midlands	2019	2027
Essex Thameside (C2C)	2014	2029
Greater Anglia	2016	2025
Great Western	2006	2023/4
Northern (public sector operator)	2020	n/a
South Eastern	2006	2022
South Western	2017	2024
Thameslink, Southern & Great Northern	2014	2021
TransPennine Express	2016	2023
West Coast	2019	2031
West Midlands	2017	2026

Next steps

Based on what First Group has said, the ERMAs will be replaced by “direct award contracts”. It is not clear what precisely this means, and it will depend on what, if any, legislative change the Government brings forward. Here are some of the options:

> These are **Direct Awards made under the current legislation**, in full compliance with the franchising requirements under the *Railways Act 1993*, as amended – essentially awarded to incumbent operators without competitive bidding. Chiltern – the longest incumbent operator – would be pushing up against the EU rules on the maximum length of public service contracts (22.5 years);[33]

[32] First Group, *Statement re further rail agreements with UK government*, 21 September 2020

[33] The maximum length of rail franchises is mandated by Articles 4.3 and 4.4 of Regulation 1370/2007/EC; initially a franchise may be awarded for 15 years, but may be extended for a further 7.5 years in certain circumstances: a total of 22.5 years. These rules remain

These are 'direct award contracts' or 'concession agreements' made under the current legislation but **exempted from the franchising requirements** under the *Railways Act 1993*, as amended, by exemption orders under section 24 of the 1993 Act. This is effectively how the Transport for London (TfL) and Merseyrail 'concession agreements' are provided for;[34]

They are **new 'concession agreements' made under new legislation**. This would need to be primary legislation, i.e. an Act of Parliament passed before the expiry of the ERMAs in March 2022.

As set out above, the ERMAs are seen by Government as a transitional measure before the longer-term reforms proposed by Keith Williams (see section 3, below) are announced and introduced. There has been some debate about whether the ERMAs amount to 'the end of franchising'. Given the above it is probably fair to say that they are a step along that path, but they do not at present break with the legal system of franchising under the 1993 Act.

Responding to the Government's announcement the Rail Delivery Group (RDG) on behalf of the rail industry, welcomed the ERMAs as a "stepping-stone to a better railway" involving the private sector in a more effective way.[35] Rail unions and the Labour Party have criticised the arrangements as 'papering over the cracks' and called for private companies to be removed from rail service provision altogether.[36]

in force in the UK as retained EU law after 31 December until such a time as the UK Government changes or repeals them

34 e.g. *Railways (North and East London Lines) Exemption Order 2015* (SI 2015/237); and *Railways (Crossrail Services) Exemption Order 2015* (SI 2015/239)

35 RDG press notice, "Rail companies respond to government announcement about rail franchising", 21 September 2020

36 "Rail franchises axed as help for train firms extended", *BBC News*, 21 September 2020

3. Williams Rail Review, 2018-

3.1 Scope

The Williams Rail Review was announced off the back of a series of problems: the May 2018 timetable troubles, the collapse of Virgin Trains' East Coast franchise and problems with major rail investment projects.[37] While these events concerned different aspects of rail, they were all "symptomatic of deeper, more fundamental issues in the railway".[38]

In response, the then Secretary of State for Transport, Chris Grayling, launched a 'root-and-branch' review of the railway on 20 September 2018.[39] Reflecting on his time in office, Chris Grayling told the Transport Select Committee:

> If I could turn the clock back, I would probably have started with revolution [of the railways] on day one, and not evolution on day one, because it has become abundantly clear since that it is revolution that is needed.[40]

Keith Williams, deputy chairman of the John Lewis Partnership and former chief executive of British Airways, was appointed to chair the Review and was given a clear mandate to 'deliver revolution'.[41]

The Review's terms of reference were published on 11 October 2018. They stated that the Review should make recommendations to support:

> **commercial models** for the provision of rail services that prioritise the interests of passengers and taxpayers;
>
> rail industry **structures** that promote clear accountability and effective joint-working for both passengers and the freight sector;
>
> a system that is **financially sustainable** and able to address long-term cost pressures;
>
> a railway that is able to offer **good value fares** for passengers, while keeping costs down for taxpayers;
>
> **improved industrial relations**, to reduce disruption and improve reliability for passengers; and
>
> a rail sector with the **agility** to respond to future challenges and opportunities.[42]

It was also made clear that the Review's recommendations should not negatively affect the public sector balance sheet, aside from some

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[37] These were all the subject of Transport Select Committee inquiries, see: Rail timetable changes, Intercity East Coast rail franchise and Rail infrastructure investment, all published in 2018

[38] DfT, *Williams Rail Review: an update on progress*, 16 July 2020

[39] DfT press notice, "Government announces 'root and branch' review of rail", 20 September 2019

[40] Transport Committee, *Departmental policy and performance: Update with the Secretary of State*, HC 2161, 17 July 2019, Q12

[41] Ibid., Q12

[42] DfT, *Rail Review – Terms of reference* [accessed 12 August 2020]

reasonable transition costs. Public investment decisions, such as HS2 and other major rail projects, would be outside the scope of the review.

At the heart of the Review was the aim to put customers – passengers and freight companies – first. To this end, the review identified ten fundamental, evidence-based, passenger needs, which its recommendations should satisfy. The first five form the core passenger offer:

- reliability and punctuality;
- safety and security;
- value for money;
- consistency and transparency; and
- accessibility.

There are a further five user needs that go beyond these basic ones. They include accountability and leadership, accurate information and communication and appropriate compensation and redress.[43]

3.2 Emerging conclusions and date of publication

Between February and May 2019 the Review published a series of evidence papers on the Rail Review website, outlining some of the key challenges facing the industry. Keith Williams also spoke publicly about the emerging findings and the options the Review was considering. These included:

- the creation of a new National Rail Body or **'guiding mind'** with overall responsibility and accountability for track and train;
- **removing the Department of Transport** from the day-to-day running of the railway;
- **Ending franchising** in its current form;
- **Devolution**; and
- Greater **standardisation** across the industry.[44]

Appearing before the Transport Select Committee in June 2020, the Secretary for State for Transport, Grant Shapps, summarised the emerging conclusions of the review as follows:

> … the Williams review envisages a railway that is brought back together a lot more and has a central guiding mind or, as the media always calls it, a Fat Controller in charge, and you end up not in a situation where the left hand does not know what the right hand is doing […]
>
> Instead, it will run a system that is a bit more like the way that Transport for London actually contracts other operators to run London Overground lines. They are run as concessions. Most people would not realise that because they look like part of TfL, but London Overground lines are run privately. They are run on the basis of the fare being collected centrally, by TfL in that case, and investment

[43] Op cit., *Williams Rail Review: an update on progress*
[44] Transport Committee, *The Williams Rail Review*, HC 59, 28 October 2019

> decisions being made by the central organisation. That is basically what Keith Williams proposed.[45]

In terms of publication, the Government has said repeatedly over the past 12-18 months that it intends to publish a White Paper informed by Williams' recommendations. The publication of the White Paper was delayed due to the General Election and by the coronavirus pandemic. Grant Shapps told the Transport Committee in June 2020 that: "Had it not been for coronavirus we would have released a White Paper already".[46] He went on to indicate that the pandemic had superseded some of what Williams had recommended and that there was an opportunity to move faster on reform:

> … we have now ended up holding the entire network in our hands, as it were. We think that means we can do things more quickly overall, but we will need a bit more time to put those plans in place […]
>
> … a lot of what the White Paper did was to get us in part where we are now. Circumstances have ended up superseding a lot of what Keith was doing […] Unusually coronavirus, in this case, has not pushed things behind. It has potentially speeded things up.[47]

On 21 September, in the announcement of the new ERMAs (see section 2.2, above) Grant Shapps said that this was "the prelude to a white paper which will respond to [Keith Williams'] recommendations. The white paper will be published when the course of the pandemic becomes clearer".[48] It is not yet clear what this means and when we will finally see the White Paper (and any legislation that might flow from that).

3.3 Prospects for long-term reform

This section looks in more detail at three of the key issues the Williams Review and any subsequent reforms will need to address: the **day-to-day running of the railway**, **devolution**, and **regulation and standards**. The emerging shape of **passenger services** delivery 'after franchising' is discussed in section 2, above.

The rail industry has already proposed sweeping reforms of the **fare structure** to make it simpler and easier to understand and the coronavirus pandemic has accelerated long-standing calls for flexible ticketing options for commuters who may no longer want to travel into major cities five days a week.[49]

These debates are focused on reform of the railway in **England** and cross-border services. However, it is important to note that any reform involving primary legislation that either substantially overhauls or revokes the *Railways Act 1993* will affect the whole of Great Britain.

There is 'a lot', according to Williams, that could be done in the next two to three years to improve the railway for the benefit of passengers and freight

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45 Transport Committee, *Oral evidence: Coronavirus: implications for transport*, HC 268, 24 June 2020, Q348
46 Ibid., Q352
47 Ibid., Qq352-3
48 Op cit., "Rail franchising reaches the terminus as a new railway takes shape"
49 For more information see HC Library briefing paper *Rail fares, ticketing & prospects for reform*, CBP 8552, April 2019

customers.[50] However, he also noted it is likely to take between five and 10 years to bring the final suite of reforms to full completion, particularly as some of the medium and long-term challenges will require primary legislation.[51]

There is no consensus on the optimal structure of a railway. The preferred model is highly dependent on a country's circumstances. The relative success or failure of any rail structure is influenced, not only by the structure itself, but by economic, industrial, social and political factors. Railways are structured or organised differently in different countries. They can:

> be run by a single organisation responsible for track and train or by multiple organisations (The technical way of saying this is that railways can to varying degrees be vertically integrated or vertically separated);
>
> exist with or without competition;
>
> be public, private or a mix of both;
>
> be passenger or freight dominated or mixed; and
>
> be financially self-sufficient or funded through subsidies.

The rail sector in Great Britain[52] today has been influenced by various externalities, such as the rise of affordable domestic flights, the widespread use of cars as the dominant mode of transport and the long-term boom in job creation in London and the South-East creating a unique commuter market.[53] Looking to the future, there is an argument that:

> Social changes will influence the location of households and employers and shape the structure and location of economic activity. Changes in transport could alter the relative attractiveness of rail, through the development of alternatives offering shorter journey times, greater convenience or cheaper fares. We have already seen the use of apps to pay for travel and to get up to date journey information, and the advent of market disruptors such as Uber. Other modes could become much greener, as battery technology improves and low emissions vehicles become more common. The rail sector will need to adapt to this changed context in order meet passenger requirements in the future.[54]

Day-to-day running of the railway

No one organisation or individual is ultimately in control of, or is responsible for, running the railway under the current system. The Williams Rail Review provided the graphic below to illustrate the current structure in Great Britain, though we must also imagine sitting with this (until 31 December 2020) the European Union Agency for Railways:[55]

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50 Op cit., *The Williams Rail Review*, Q28

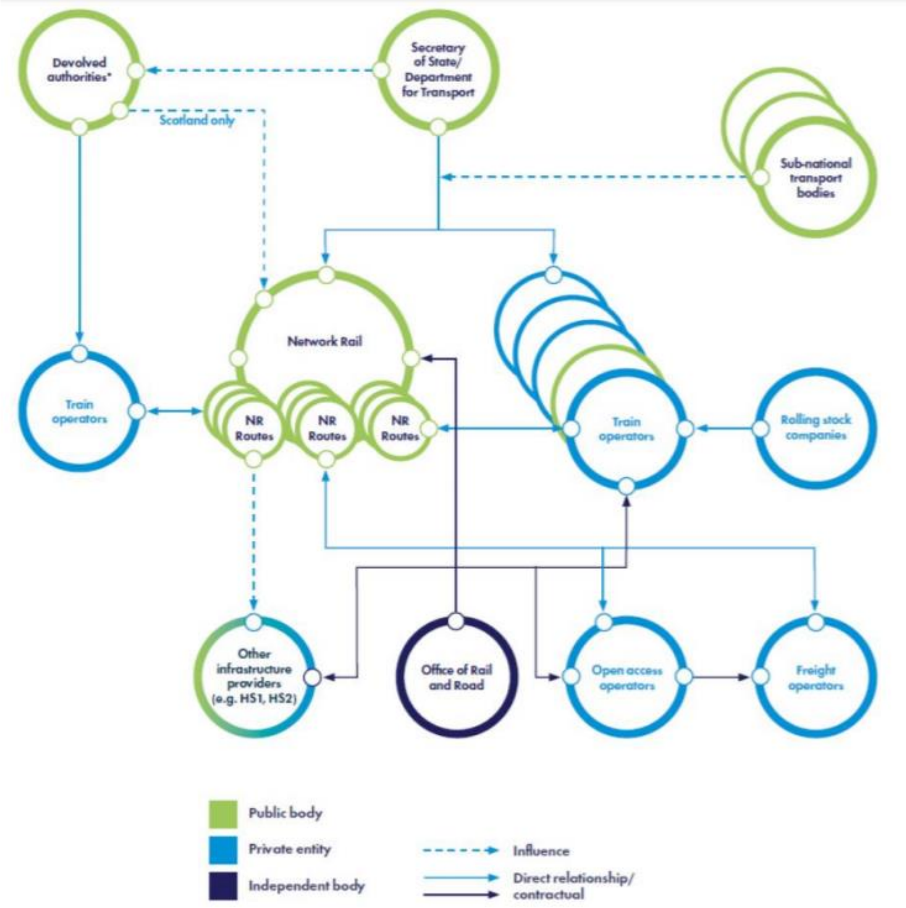
51 Ibid., Q24

52 The railway in Northern Ireland is publicly owned and operated by Translink. It faces its own unique challenges not discussed in this paper.

53 Williams Rail Review, *Rail in the future transport system: evidence paper*, May 2019, para 1.1

54 Ibid,. para 3.18

55 Williams Rail Review, *Current railway models: Great Britain and overseas – Evidence paper*, March 2019, fig. 1, p8



* Includes Transport Scotland, Transport for Wales, Transport for London and Merseytravel

Tinkering with the organisations responsible for running the railway and they way they work together has been a recurring theme in successive Government reviews, White Papers and legislation since privatisation. Over the last decade reviews of the rail sector have called for greater clarity about the running of the railway, especially the Government's role.[56]

Chris Grayling, the then Secretary of State for Transport, told the Transport Select Committee in July 2019 that "one of the reasons why we had the problems last year [the May 2018 timetable crisis] is that accountability is too fragmented." He went on to say that "there are too many places in the way the industry is structured at the moment for things to fall between the cracks, and that is what happened last year".[57]

A new National Rail Body (a 'guiding mind' or 'Fat Controller') looked set to take responsibility for the day-to-day running of the railway in England after Williams, leaving the Department for Transport (DfT) to determine long-term strategy.[58] Keith Williams also said that the railway needs a longer-term, holistic strategy covering trains, track and stations that extends far beyond the current five-year control period (2019-2024). He has publicly

[56] e.g. the McNulty review: DfT, *Realising the Potential of GB Rail Report of the Rail Value for Money Study: Summary Report*, May 2011, full report available on the archived Gov.uk website and the Shaw report: DfT, *The future shape and financing of Network Rail: The recommendations*, 16 March 2016

[57] Transport Committee, *Departmental policy and performance: Update with the Secretary of State*, HC 2161, 17 July 2019, Q12

[58] Op cit., *The Williams Rail Review*, Q47

advocated a 30-year strategy for the railway. This sort of longer-term planning, according to Williams, is necessary to help the industry tackle key challenges, such as decarbonisation.[59]

Aside from becoming responsible for passenger rail contracting (currently franchising) little has been said officially about the precise roles, responsibilities, functions and powers this new guiding mind will have. However, Williams has made clear that the primary focus of the new body would be to ensure the railway operates in the interests of its customers, (passengers and freight companies).

In his oral evidence to the Transport Select Committee in October 2019 Williams was clear that to be truly accountable the body must have powers to direct track and train.[60] He explained that:

> … the guiding mind will carry responsibility so, if you like, it will own the problem, but it might then contract out parts of that (maintenance and development of infrastructure or the provision of services) for people to deliver to that contract.[61]

Under this arrangement, private operators would still deliver passenger services and Network Rail would continue as the infrastructure manager. The Labour Party has proposed an extension of the new guiding mind, which would bring passenger services and infrastructure into a single integrated, publicly-owned rail company, GB Rail.[62]

Williams has publicly refuted speculation that the new body would in effect result in a transfer of responsibilities from the Department for Transport to Network Rail. In a speech in July 2019, Keith Williams said:

> One thing I am not considering is giving Network Rail control over the trains, as recent reports in the media suggest. This is no judgement on Network Rail … but you don't create a customer focused railway by putting engineers in charge. The Government will have to step back from the railway, but creating greater distance from government must also bring the railway closer to passengers.[63]

The Strategic Rail Authority (SRA), 2001-2005

One of the bodies most often brought up when discussion turns to a 'guiding mind' for the railways is the Strategic Rail Authority (SRA), set up almost two decades ago by the Labour Government and abolished a few years later.

Labour's intention was that the SRA would provide the rail industry with the strategic leadership that had been lacking since privatisation and the tackle the fragmentation of the industry. The SRA was meant to ensure that the railway:

- operated in the interests of the public;
- was run as a network, rather than a collection of separate businesses;
- balanced the needs of passenger and freight customers; and
- integrated with other forms of transport.

[59] Ibid., Q38
[60] Ibid., Q61
[61] Ibid., Q65
[62] The Labour Party, GB Rail: Labour's Plan for a Nationally Integrated Publicly Owned Railway, March 2020
[63] Bradshaw Address by Keith Williams, 26 February 2019

Despite some successes, the SRA lacked the powers it needed to bring different parts of the industry together and, after only three years in operation, the Labour Government proposed that the SRA be abolished.

You can read more about the SRA in our Commons Library briefing paper.

The then Transport Secretary, Chris Grayling, told the BBC's Today Programme in 2018 that Britain could adopt similar approach to Japan, where there are integrated regional rail companies responsible for both track and train.[64] From what Williams has said so far there appears to be little to suggest this model of 'vertical integration' will be adopted, and it remains to be seen how the guiding mind will manage both track and train.[65]

Devolution

The running of the railway is largely centralised. For example, in England, the DfT lets rail franchises and determine all the infrastructure projects (which Network Rail, owned by the taxpayer, for the most part then builds). There are some exemptions to this arrangement – for example devolved management of rail networks in London and Merseyside.

That said, Network Rail, while a 'national body', has made strides towards a more devolved, regional structure since Nicola Shaw's report in 2016. Regional and local bodies (e.g. local authorities, metro mayors, local enterprise partnerships, integrated transport authorities and sub-national transport bodies), including those that have been set up since 2010, can influence decisions on rail, but typically have no formal powers of their own. Even Transport for the North, the only legally established sub-national transport body, only gives advice to government, which the Secretary of State must have regard to.

The Conservative Party manifesto for the December 2019 General Election pledged to give metro mayors (in e.g. Manchester, Liverpool, the West Midlands and Bristol) control over rail services in their areas.[66] Labour's policy is to fold local accountability into a new nationalised structure:

> The whole of GB Rail should be majority owned by UK Government, but Devolved Transport Authorities (DTAs) should share ownership and local rail governance and funding should be devolved.[67]

These proposals followed long-standing calls from metro mayors for more powers over rail, so that they can have a greater say over the design and oversight of their local rail networks.[68] Some areas with 'devolution deals' already have greater responsibility for local transport, but even so their powers relating to rail are limited.

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[64] "Chris Grayling refuses to take blame for rail timetable chaos", *The Guardian*, 20 September 2018

[65] Op cit., *The Williams Rail Review*, Q61

[66] *Get Brexit Done Unleash Britain's Potential: The Conservative and Unionist Party Manifesto 2019*, p27

[67] Op cit., *GB Rail: Labour's Plan for a Nationally Integrated Publicly Owned Railway*

[68] e.g. Conservative Mayor of the West Midlands, Andy Street: WMCA press notice, "Local powers on transport, housing and funding will help drive West Midlands' recovery", 14 August 2020 and Labour Mayor of Greater Manchester, Andy Burnham: GMCA press notice, "Mayor sets out bold vision to double rail journeys as part of Our Network", 26 September 2019

In his July 2019 Bradford speech Keith Williams said that “what comes next must be anchored in the regions and communities — and nearer to the people — the railway serves”.[69] For regions like the north and cities across the country, this would mean “greater opportunities to influence and inform decisions about services and upgrades” in their area.[70] He went on to say that “I’m clear that the railway needs a structure that enhances strategic planning, including at the local level, and facilitates better engagement on specification, and delivery of regional enhancements”.[71]

While supportive of greater regional devolution, Williams has also stressed that passengers expect the railway to operate as a single network. He said that he was “keen to emphasise the role of the network over the role of the local or devolved community. One thing that has been made clear to us is that rail needs to operate as a network”.[72]

Regulation and standards

Keith Williams has spoken about the need for strong regulation to maintain and, where possible, enhance safety and to protect consumers. He told the Transport Select Committee in October 2019 that “there needs to be a strong regulator to ensure that, if you have a national body, it is held to account for delivery of what it says it is going to deliver”.[73] However, it is unclear whether, and to what extent, the current Office of Rail and Road (ORR)’s role, functions and powers will change.

Williams has also made the case for greater standardisation across the industry. Currently, different train operators have different standards for different aspects of the services they provide; fares, compensation and accessibility all vary significantly between operating companies. Williams told the Transport Committee that:

> What we can do is put in place a standard that people operate under a code of practice that people operate to. It is actually in the interests of the network and the operators to do that. Our analysis would show that, if you standardise a system, the cost of running that system becomes less than it is today. There is a cost saving to it as well as a benefit to the passenger.[74]

[69] *Williams Rail Review: an update on progress*, 16 July 2019
[70] Ibid.
[71] Ibid.
[72] Op cit., *The Williams Rail Review*, Q104
[73] Ibid., Q100
[74] Ibid., Q33

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