

Williams Review – Response from the Peninsula Rail Task Force

Introduction

The Peninsula Rail Task Force is a partnership of Local Authorities and Local Enterprise Partnerships: Cornwall Council, Devon County Council, Plymouth City Council, Somerset County Council and Torbay Council plus Cornwall and Isles of Scilly LEP and Heart of the South West LEP. It was formed in 2012, following severe weather damage to the region’s rail network, to present a peninsula-wide perspective on rail issues. It now leads on rail issues for Peninsula Transport, the shadow Sub-National Transport Body for the South West peninsula. It is chaired by Councillor Andrea Davis of Devon County Council.

The Task Force works with our MPs, neighbouring authorities, as well as the private sector through our stakeholder group. The Department for Transport, Network Rail, Great Western Railway, Cross Country Trains and South Western Railway are also key partners.

In 2014, following further severe weather which led to the severing of the main line at Dawlish, and at the flooded Somerset Levels, PRTF was commissioned by the then Prime Minister David Cameron to develop a strategic 20 year rail investment plan across the South West. That plan “Closing the Gap”, was launched in Parliament in November 2016.



The Task Force welcomes this opportunity to contribute to the Williams Review. In preparing this paper we have met with representatives of the review team, and taken note of the evidence papers published to date and the keynote speeches which have commented on emerging conclusions from the early stages of the review. The paper is structured as a response to the Call for Evidence issued in March 2019.

Each of the authorities in the South West has looked to work closely with the rail industry, in many cases to invest so as to help deliver the objectives of their Local Transport Plans. However there are often frustrations at the issues faced in engagement with the rail industry, its processes and costs. We have included three brief case studies in an Appendix to this response, as examples of some of the issues experienced with industry structure and practice.

The Task Force welcomes the principle of reform of the rail industry, and in our view a key aim is that such reforms should improve the ability of the industry to deliver the measures set out in the “Closing the Gap” 20 year strategy.

High Level Objectives for the Review

We support the identification of three High Level objectives for the review, and offer the comments below about the scope of those objectives.

Passengers – We fully support the principle that all sectors of the rail industry should have a strong focus on delivering for passengers. There are many facets to this, which should not be seen as just being about right time arrival, but rather the whole “contract” between the rail industry and the passenger.

Key elements include factors such as ticket purchasing (i.e. getting good value), train capacity (i.e. getting a seat), shelter while waiting for train, information at stations and on the train, accessibility for all, amenities at the station, on-board digital connectivity, etc.

Taxpayers – We endorse the view that a key objective must be to improve the value for money which the nation, and ultimately the taxpayer, receives for investment in the rail industry – both capital and revenue. It is undoubtedly the case that fragmentation of the rail industry increased the overall cost to the taxpayer.

It has proved challenging for the industry to improve either its efficiency or its cost effectiveness, and this difficulty raises a question of whether the problems are related to railway standards, culture, or the fragmented structure of the industry. There is a need to reduce the transactional costs of the railway, which are a consequence of the multiplicity of organisations within the industry; such costs impinge not just on the industry partners themselves, but also on third party stakeholders who are seeking to do business with the rail industry – including those who are seeking to enhance services for rail users by bringing third party funding.

When assessing value for money it should be clear that this is not just a question of “subsidy per passenger”. In coming to a judgement it is important that the wider benefit for the community of rail travel is taken into account, including decongestion of highway networks and the opportunities for travellers of being able to make journeys that would otherwise not be possible e.g. for those who are not able to use a car.

Wider society (social, environmental and economic contributions)

There needs to be a clearly stated objective of growing the railway. This satisfies the needs of:-

1. society, by giving more people the opportunity of travelling by rail (e.g. new stations for growing communities; new services to tap new markets; widening the range of existing services such as better evening or weekend frequencies; re-opening former rail routes)
2. the environment (by reducing the number of journeys made by car, and the volume of freight transported by heavy goods vehicles)
3. the economy (through agglomeration, by reducing the effective distances between businesses, hence improving productivity. Rail should be seen as having a key role to play in supporting both Government's Industrial Strategy and Local Industrial Strategies.

Key Issues constraining the success of the rail industry

Lack of Strategic Direction

A fundamental issue which we believe limits the success of the rail industry is the lack of a clear understanding of what we want the railway to achieve. This is exacerbated by the fragmentation of the industry into many different organisations. In the absence of an industry body with a strategic overview, the competing goals of different parties can frustrate the ability to provide improved outcomes for users. For example, the retention of unused freight train paths can prevent a passenger operator providing a new train service.

The objectives of Network Rail, as system operator, to ensure that timetables are robust and reliable are misaligned with those of a train operator, to operate a better range of services for passengers.

At present the role of providing that strategic overview is taken, to an extent, by the Department for Transport. However, that strategic intent is not evidenced through a coherent framework of policy statements and guidelines, but rather (in as much as it is present) through a series of unrelated statements and decisions – for example in franchise specifications – which can lack both consistency and transparency.

Another element of strategic direction is offered, on some issues, by the Rail Delivery Group – as in the recent consultation on fares. However, such initiatives again appear as individual issues, rather than as part of a coherent strategic framework.

Limited Planning Horizons

Related to the issue of Strategic Direction above is the fact that the rail industry works to short planning horizons, which seems fundamentally inappropriate for a business which is essentially long term. The fact that Network Rail works in five year Control Periods, and that franchises have

generally been for around seven years, is a significant barrier to achieving a coherent programme for achieving improvements.

The fact that the timescales for Control Periods are not aligned with franchises is a further complicating factor, and the proliferation of Direct Awards is one indicator of the difficulties posed by such conflicts in planning horizons. It is worth noting that the one long term franchise, Chiltern, is where there has been the greatest success in achieving operator engagement in upgrading infrastructure and services hand in hand.

Stakeholder Engagement

Whatever the form of Strategic Direction it is important to note that the rail industry does not operate in isolation, and the industry needs to engage with key partners in the planning, transport and economy sector. The need for this is becoming even more apparent with the development of Sub-National Transport Bodies, given that rail operates in many ways at a regional level.

In many parts of the country, including the South West Peninsula, meaningful engagement about the nature of the rail offer has been conducted mainly as part of the franchise specification process. However, as an exercise in engagement this is flawed (because it happens periodically – perhaps once every seven years), because it relates just to services, and because it is lacking in transparency. A more continuous process (such as annual discussion in the context of a management contract or concession) could facilitate more meaningful involvement of partners such as Local Transport Authorities and Local Enterprise Partnerships, and would give the scope for incremental development of services, perhaps including external contributions towards the cost of such developments.

Another difficulty is that the stakeholder engagement on infrastructure (such as the Network Rail Route Strategies and Control Period Plans) has been held in a totally separate context, again with the outcome lacking in transparency, while the removal of the enhancements from Network Rail's planning into the Rail Network Enhancements Pipeline represents a further weakening of stakeholder involvement.

It is also the case that if a local authority wants to plan a rail scheme, and programme it within their Local Transport Implementation Plan they have a challenge on engagement with the rail industry in seeking its commitment to rail enhancement projects.

Consequences of Industry Fragmentation

The additional transactional costs involved because of industry fragmentation have been noted above. Also, the fact that the different players may have competing goals can act as a disincentive in the delivery of benefits for passengers.

Another consequence of fragmentation into several private sector entities (e.g. train operating company, rolling stock leasing company) is that each will, naturally, seek to make a profit, helping to push up the overall cost of an operation.

A further complication has been introduced by the removal from the Network Rail settlement of funds for enhancement of the network. This means that there is no obvious place to find the overall vision for a route, and no mechanism for ensuring that all investment, including asset replacement, is targeted at achieving a commonly understood set of goals.

It is inherently more difficult for stakeholders to understand process for getting improvements, and therefore for the public to understand what kind of improvements are being delivered and how.

The fact that on many parts of the network there are a number of operators means that there are barriers to achieving closer integration between track and train.

Innovation and Adaptability

The culture within the railway industry is essentially conservative, grounded upon a long held tradition of safety and minimisation of risk. While this is admirable, in isolation, it can hold back delivery of desirable developments, and limit progress and innovation in the industry.

We believe that there is a wider governance issue which is a consequence of fragmentation and a lack of a position of overall authority. Many parties within the industry can say 'no' but there seem to be fewer people in positions where they can take a balanced judgement of overall risk. The consequences of such problems include increased costs (through 'gold plated' solutions) and increased delivery timescales (through inability to make timely decisions), with the resulting impact on external partners and wider society not really being considered.

Although such criticisms might most commonly be levelled at Network Rail it would be a mistake, in our view, to characterise this as a problem that just relates to their standards. In our view it is a wider industry issue, for example including the Office of Road and Rail, in their requirements for overhead electrification clearances and their perspective on further third rail electrification. An excessive approach to risk can either lead to unaffordable costs, or rule out desirable projects completely.

Delays to the procurement of replacement franchises, and to the introduction of major timetable changes, also reinforce the impression that the rail industry is slow to innovate or adapt.

Summary Assessment Criteria

Outcomes and Outputs

We support the adoption by the Review of a series of clear assessment criteria, in the form of Outcomes and Outputs, to help develop a framework for the future shape of the rail industry. Our comments on the proposed criteria are given in the following sections

Outcomes for Passengers

1. Performance – While punctuality and reliability are undoubtedly the most important factors against which passengers will make their judgement on the success of the rail industry, the importance of other key attributes such as information and ability to get a seat should not be underestimated.
2. Value for money – With a range of ticket types available there will always be the likelihood that adjacent passengers may have paid different prices for the same journey. A key factor is that each should feel that they have been charged fairly for the journey they have made.
3. Public trust – We agree that this is a fundamental requirement, and believe that there are two distinct elements where trust is required. The first is trust in the implicit safety and security of rail operations. The second is trust that the whole rail industry is fairly and vigorously pursuing better passenger outcomes, free from the perceptions of excessive profit taking and unjustifiably high salaries. Whilst this has an overlap with passenger satisfaction, it is more about the innate confidence in the industry to deliver wider passenger interests.
4. Enabling the journeys that people want to make – including across modes. As drafted here, the outcome concentrates on facilitating multi-modal travel. Another equally important aspect is the rail industry operating the services that passengers want, including additional services on existing routes (e.g. evenings, weekends), additional calls at intermediate stations, etc.
5. Accessible and simple to use – It is agreed that the railway should be usable for the widest range of people. Amongst other things, the improvement of station accessibility should be a “core requirement”, rather than limited to a subset of stations under the “Access for All” programme. The whole industry should embrace improving accessibility as a core value, which should permeate maintenance activities as well as enhancements. Also, as with (4) above, the expectation should be that the rail industry will expand the range of services by time of day, day of week, and provision of new stations as access points to the network.

Affordability

1. Productivity and Efficiency – It is agreed that every effort must be made to understand where costs in the rail industry are too high, why this is so, and to revise procedures and standards to promote cost effectiveness.
2. Commercial sustainability – It is accepted that the industry structure must enable commercial organisations to have a sustainable future. This includes allocation of risk to the parties best able to bear it, including the retention of risk for external factors with the public sector, if this is the most appropriate solution.
3. Capitalising on opportunities – Opportunities for growth are most likely to be taken if there is a consistency of objectives across industry partners (for example, Network Rail and Train Operators) and an understanding of suppressed demand

Fundamentals

1. Safety and security – We agree that the UK railway must maintain its world class safety performance, but as noted above we do not necessarily take the view that all current standards must be retained. We advocate a greater willingness to examine standards using a risk based approach.
2. Environment – Rail transport has the potential to be significant contributor to efforts to reduce the adverse impacts of transport in the UK and contribute to the decarbonisation of the UK economy. However, to make this contribution there needs to be a more pro-active approach to reducing rail’s environmental impact, including lower cost electrification, reduction in weight of rail vehicles, or use of new technologies.
3. Rail freight – Transfer of freight from road to rail, particularly general logistics traffic, is a further opportunity to reduce the environmental impact of transport (see 2 above).

Outputs – System Changes

1. Focus on users – We fully support the principle that users (both passenger and freight) should be placed at the heart of the rail industry. The overall success of the industry should be judged both on the number of users attracted to use rail services and their satisfaction in doing so.
2. Accountability and leadership – Rail is a complex industry, with many players, and as such there needs to be professional leadership of the industry, within a policy context set by Government. In our view the extent of political micro-management should be reduced, and industry leaders should be held accountable for achieving the Government’s objective within the policy context which has been set. There needs to be honesty in setting out what can realistically be achieved, within defined timescales and budgets.
3. Decision making at the right level – Delivering for users (1 above) within an overall policy context (2 above) is most likely to be achieved successfully if decisions are taken as close to the user as is appropriate. In other words, there is logic in decision making structures that operate at a devolved level (sub national) and allow input from local representatives such as Local Transport Authorities, Local Enterprise Partnerships, sub national bodies like PRTF and Transport Focus.
4. Collaboration – There needs to be an ethos of industry partners working together to achieve the overall rail objectives. Third parties need to be viewed as potential partners, and the processes for third party involvement need to be made easier to understand, accessible, and affordable.
5. Longer term thinking and innovation – As noted above (Limited Time Horizons) rail is a sector which involves investment in long term assets and hence the focus should be on planning for the medium and longer term. The strategic direction of the industry should be mapped out over similar timescales as those adopted by the National Infrastructure Commission, and should nest within the overall perspective that they have articulated.
6. Delivery capability, including change – Successful delivery requires capacity, capability and shared objectives. Points 1, 2 and 3 above describe an industry framework which could set

out the shared objectives. Capacity and capability, and the willingness to embrace change, are dependent upon a skilled and knowledgeable workforce. We recognise the skill and commitment of those in the rail industry, but note that fragmentation has perhaps made it more difficult for staff to gain the breadth of experience which was possible previously.

Workforce engagement and diversity – The Review is a key opportunity to “reset” the structure of the industry, and also to re-energise those who work within it. In doing so there is scope for emphasising that the railway is for all – both as passengers and employees – and to boost the attractiveness of working in the rail industry as a career choice.

Summary and conclusions

Failings of the current structure

We endorse the emerging review conclusions that the current operating model for the rail industry is not fit for purpose.

The approach of procuring train services through competitive franchises has failed in a significant number of cases, while the high costs of bidding limit appetite for participating. The apportionment of risk is another key factor, with a reluctance on the part of bidders to embrace risks which they are not able to control.

From a stakeholder perspective, franchising offers very limited opportunity to participate meaningfully in the specification of services, and we would welcome an alternative approach which involved more regular liaison, in company with other key local stakeholders – which seems more in line with government thinking on devolution to the sub-national level.

While there is a superficial attraction about “bringing track and train together” we recognise that this poses difficulties, with Network Rail effectively a public sector body while the remainder of the industry is in the private sector. Furthermore, the creation of regionally-based vertically integrated operations would potentially discriminate against cross area operators – both freight and passenger.

Towards a new Rail Industry Framework

Role of Rail

We believe that there needs to be a clear and unambiguous role for the rail industry, which sets a context for both the structure of the industry and the objectives of the individual parties within the industry. In our view the prime role of the rail industry should be to support the economy of the United Kingdom.

In doing so it should strive to maximise its impact through:-

- Providing additional capacity to support growth in patronage

- Striving to understand and meet the needs of its customers – both passenger and freight
- Maximising its contribution to the decarbonisation of transport and addressing the challenge of climate change

We believe that there should be a commitment from Government to such a role for the rail industry, both in the framework of legislation to bring about changes to the current structure, and in the forward planning of finances, both revenue and capital.

Strategic Oversight

Beyond this overall policy and financial context, we would support the establishment of an industry wide Strategic Body, to interpret government policy into an overall framework for planning the longer term strategy for rail, and for procuring an appropriate range of train services.

Such a body would ensure an equitable distribution of resources across the regions and devolved administrations, and would establish frameworks for devolution of decision making and stakeholder involvement at the sub-national level. With the emergence of sub-national transport bodies there will be a need for some transparency in the way that they are involved in helping to shape the role of rail, within the overall transport provision within their area.

Efficiency and Effectiveness

We support efforts to reduce the cost base of the railway, including consideration of appropriate standards, and reduction of transactional costs. If the industry is to attract third party funding it has to make it easier for other bodies to work with the industry, and to be confident that they can achieve cost effective results.

This must include a willingness to work with third parties in collaboration, to develop projects hand in hand. At present it seems to be the case that initial work by third party funders is “marked” by the industry – but that if a project proceeds the work is often then re-done. This is neither efficient, nor a good use of resources.

Appendix 1 Case Studies

Case Study 1 –Voyager train fleet at Dawlish

Background

Soon after the introduction of the Voyager train fleet in 2001 it became apparent that these trains were susceptible to failure when they encountered sea spray conditions while passing along the sea wall section of route at Dawlish. This has been a continuing source of difficulty during the past 17 years, with passenger journeys being disrupted during times of adverse weather.

Issues Encountered

Electrical train control equipment is situated on the roof of the Voyager carriages, and inundation with salt water caused the on board computers to shut down the under-floor engines. Initially attempts were made to resolve the problem by software modifications, which only shut down the motor of the particular coach which had been affected by sea spray, rather than shutting down the whole train.

However, this was not successful in totally resolving the problem. As a consequence the practice has been to avoid running Voyagers along the Dawlish sea wall at all if there is a risk of sea spray. The result is that Cross Country trains from the North and Midlands to the South West Peninsula are routinely terminated short at Bristol or Exeter when there is a weather forecast of adverse spray conditions at Dawlish. Passengers are forced to make journeys to destinations beyond Exeter through use of the trains of other operators.

This is clearly not in the passengers' interest – particularly when it is recognised that Cross Country carries a higher than average proportion of leisure users, many of whom are not regular rail travellers and hence less used to tackling such challenges.

The fact that this “mitigation strategy” has been accepted by the rail industry (and DfT) for many years reflects an attitude that passenger disruption is acceptable, and that technical innovation to resolve the problem is not a priority.

PRTF has continued to make the case that this is not acceptable, and have been supported in this by the peninsula's MPs. The issue was highlighted in the PRTF 20 year strategy “Closing the Gap”, and in the PRTF response to the consultation on the future Cross Country franchise.

Belatedly, we understand that a technical solution is now being examined, following the recent acquisition of the Voyager train fleet by another leasing company.

Relevance to the Williams Review

This issue exemplifies two of the significant matters raised so far in the review.

The first is the need for the industry to put the needs of passengers first. By adopting an industry stance that it is acceptable to terminate trains short on the receipt of an adverse weather forecast the industry is clearly putting its own convenience ahead of that of its passengers.

The second issue is the lack of resolve that the rail industry has shown in seeking a technical solution to the problem. As well as indicating that the needs of passengers are not that important to the rail operators and rolling stock providers, this does suggest a distinct lack of willingness to innovate and adapt. Indeed, if the technical problems of preventing the ingress of salt water were insurmountable (which seems unlikely) then other innovations could have been considered – such as variations of the fleet deployment strategy so as to continue running Cross County services along the sea wall during spray conditions using those vehicles in the operator’s fleet which are not susceptible to spray.

Case Study 2 – Marsh Barton Railway Station

Background

Exeter is a key rail hub, with 5 lines converging on the city and 9 stations within its boundaries. An additional station is planned to serve the major industrial estate at Marsh Barton, and the South West Exeter urban extension.

Marsh Barton station forms an integral part of Devon County Council's transportation strategy, namely to help mitigate impacts of growth in Exeter by providing improved connectivity and increased travel choices to one of the city's largest employment centres.

Network Rail, First Great Western and Devon County Council entered into a Memorandum of Understanding (MoU) to promote effective co-ordination and co-operation between the three organisations in the development of the Devon Metro project, which included delivery of Marsh Barton station. Essential to this arrangement were principles of open-ness, explanation and discussion and shared responsibility and ownership of problems and solutions.

The project has been in development since 2011; however inadequate technical support and guidance from Network Rail teams, poor communication and imposed revisions to previously approved designs has seen the project stall, with costs escalating, leaving a £6m shortfall on the scheme.

Issues Encountered

In line with the MoU, all parties formed part of a project steering group, with Network Rail Project Sponsor and Asset Protection team attending monthly meetings to guide the project through the complex GRIP processes to detailed design and construction phase. This was also in response to learning from difficulties experienced delivering two other new stations in Devon - Newcourt and Cranbrook - in 2015.

During 2015 following planning approval for Marsh Barton station and with Approval in Principle (AiP) approvals received in respect of Telecoms, Permanent Way, Civils, Signals and M&E a decision was taken to award a Design and Build contract in October 2015. This decision was taken in full knowledge of the Network Rail contracted staff.

In February 2016, the contractor submitted detailed designs, which were subsequently rejected by Network Rail in May 2016. This resulted in significant redesign including suggested revisions to platform recess; platform widths; footbridge span and ramp gradients; emergency refuge areas; making passive provision for lifts; piling design and in relation to signalling design. There were also Network Change and APA delays, which resulted in significant site access delays.

Many of the additional requirements related to uncommitted, potential future changes to the rail infrastructure (i.e. electrification) and extended the scope, cost and effects of the variations on the station project. Several of the changes were requested to address changes in guidance, despite the AiPs having been approved and design assumed to be 'frozen'. In some cases, design revisions were

requested where there was no available design guidance, which resulted in an iterative design process. An example of this was in the case of the platform recess, where a bespoke design was rejected on maintenance grounds before a new, solid cantilever was specified, which could not be constructed safely. Eventually, Network Rail accepted reverting back to the bespoke design, but this had incurred delays of approximately 12 months in design and approvals. In several cases, Network Rail have favoured their own preferential engineering design rather than designs prepared to rail standards.

A significant issue related to the ramp gradients. Devon County Council had consulted with local disability groups who had expressed concerns over the lengths of the ramps at 1:20 gradient preferred by Network Rail and favoured a shorter, 1:15 ramp, which complies with footbridge design standards. NR's Diversity and Inclusion team later requested that the design should seek an even shallower 1:25 slope, despite guidance not being available for such a design. The impact of this was an additional 72m length of ramp on an already lengthy access to the platforms. NR later relaxed their requirements to 1:20 gradient ramps; however, this is not in line with the expectations of passengers with accessibility needs.

Relevance to the Williams Review

The above issues show that despite having entered into an MoU to encourage co-operation and co-ordination on the project and a shared responsibility of problems, the relationship has instead been one of examiner and examinee. In combination with the lack of technical support and ambiguity over standard details and specifications this has led to an inefficient, iterative design process, which has wasted resources unnecessarily.

Furthermore, the project has increased in scope and cost due to the need to safeguard 'potential' future national infrastructure changes which may not happen. The lack of authority to take a suitably balanced view on the strategic needs of the railway against what the station project should look to provide has inevitably led to an over-specified and excessively costly station. This reinforces the need to be reminded of the original objectives of the rail project and needs of the passengers as the result of the inefficiencies and inflexibilities now puts the project in danger of not proceeding at all. The failure to put passenger needs first was also evident through the decision for the rail industry not to support the suggestions being put forward by disability groups, instead favouring a solution which was considered locally as less suitable in accessibility terms.

Case Study 3 – Potential cycle parking at Truro Station

Background

Cornwall Council's cycle officer identified, with the station manager at Truro station, a site for some sheltered cycle parking. This was also identified as a need in the Station Travel Plan. The quote for the installation was £5,000 which the local authority considered affordable, possibly with some match funding from the train operator GWR.

Issues Encountered

A bid was prepared for match funding from the GWR Customer Communities Infrastructure Fund. At this point GWR identified that project management fees would need to be added to the cost. These totalled £20k and made the project unfeasible.

Relevance to the Williams Review

This example highlights the difficulties, even on a small scale, for third parties to work with the rail industry. Cost effectiveness for the tax payer and benefits for the passenger, as well as the wider benefits for society and the environment, are not taken into account in the rail industry decision making process.