

Rail Transformation Programme
Consultation

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Dear Secretary of State

Williams-Shapps Plan for Rail: legislative changes to implement rail reform

Consultation Response from England's Economic Heartland (EEH)

England's Economic Heartland (EEH) is the sub-national transport body (STB) for the region covering Swindon across to Cambridgeshire, and Northamptonshire down to Hertfordshire. In February 2021, EEH published its regional transport strategy, *Connecting People Transforming Journeys*.

It is in the context of ensuring delivery of the EEH transport strategy that we welcome the opportunity to participate in the consultation to shape the primary legislative changes required to effect rail reform as set out in the Williams-Shapps Plan for Rail.

Recognition of the role of STBs within the rail reform legislation

By working as established partnerships, STBs provide a key role in setting regional strategic investment and policy priorities. Through long term strategies, investment pipelines and associated delivery programmes, STBs provide clarity and shared vision on how places can best realise their own economic potential while reducing the transport system's impact on the environment.

It is on that basis that the role of STBs, regardless of statutory status, needs to be formally recognised in planning the rail network.

The Cities and Local Government Devolution Act 2016 provides that the Secretary of State “must have regard to proposals contained in the transport strategy of an STB that appear to the Secretary of State to further the objective of economic growth in the area of the STB in determining (a) national policies relating to transport...and (b) how such policies are to be implemented in relation to the area of the STB”. The definition of economic value by the Secretary of State, therefore, must take the transport strategy into account and provide clear reasons if it is departed from.

As such, the EEH Strategic Leadership Board was disappointed to observe the omission of references to STBs within this consultation document. The role of STBs should be enshrined in primary legislation for the rail industry, particularly given the proposed legislation reform to transfer functions, including as the franchising authority from the Secretary of State to Great British Railways (GBR). The inclusion of provisions in primary legislation will ensure that Great British Railways has the same regard to proposals contained in the transport strategy of an STB. This ensures the ambitions of the Cities and Local Government Devolution Act 2016 are retained and not weakened. The extension of this duty from the Secretary of State to GBR will also enable GBR to fulfil its functions and be held accountable as the guiding mind for the rail industry.

EEH therefore proposes that there should be a duty placed on GBR to work in partnership, which would also need to be reflected in the duties of the Office of Rail and Road (ORR – the rail regulator) as part of its role in monitoring stakeholder relationships of GBR and as an expanded public interest duty.

Guiding Mind

A single ‘guiding mind’ is to be welcomed, given the complexities of accountabilities within the rail industry today. However, the term ‘guiding mind’ requires further definition and explanation of the accountability split between the Department for Transport (Secretary of State) and GBR. The consultation document lays out that DfT will have a strategic role, defining policy and strategic vision for rail as well as long- and medium-term requirements through directions. However, it also states that key strategic decisions will be taken centrally, the definition of which is unclear.

In other parts of the consultation document, GBR is described as the “operational guiding mind”, which is much narrower than the idea of a guiding mind able to integrate fully across the system. Clarity is needed on who will define the strategic direction of the railways, checking this integrates across regional economies and geographies, and ultimately who will make the decisions.

Clarity is also needed on who will undertake long term planning and strategy of the rail network and who the strategic planning teams will be accountable to – within government, centrally or within the regions. The consultation document clearly presupposes a structure of five regional divisions – this is the current Network Rail structure. However, in order to undertake strategic planning, EEH believe it would be more beneficial to align with functional and realistic local and regional economic geographies (such as STB geography), rather than aligning to historic rail geographies.

Additionally, EEH would like to see timely updates of the rail network enhancement pipeline committed to in the legislation. As a minimum this could be tied to control periods, given the inclusion of strategic planning and early-stage development resources within business planning. The lack of clarity on where strategic planning will be undertaken and decisions made impairs the ability to judge on whether the accountability split is appropriate.



Rail as part of the wider transport system

There is a clear role for STBs to be involved in setting out the needs of our communities at a strategic level, to support the Secretary of State with defining the high-level outputs required to be achieved across both infrastructure and services. It is our belief that it is only through a formal arrangement that a truly integrated transport system can be achieved: it is STBs which provide the link between national approach and individual regions. Therefore, a legally mandated duty on GBR and the Secretary of State to work in partnership with STBs should be included both in primary legislation and in the business planning and funding process.

The factors identified as part of GBR's proposed public interest duty are, inherently, rail-centric; however, this overlooks rail's role within an integrated multi-modal transport system. There is a need to move away from modal-based silos if we want to achieve the broad policy ambitions in modal shift, decarbonisation and integration of public transport. We therefore proposed that an additional duty is added requiring GBR to consider and balance the impacts on an integrated multi-modal transport system.

The rail system has multiple market failures, which will not be addressed by the rail reforms proposed. This puts into question whether the focus on competition will deliver value for money if it is seen as a competition limited to within the rail market. Rail (and other forms of mass shared transport) is competing against private car – a continued mode-silo approach results in different forms of mass shared transport trying to out-compete each other as well as private car, whereas an integrated public transport offering with supporting policy levers may resolve some of the market failures experienced. Competition law is one of the legal barriers to integrating bus and train timetables, and shared ticketing scheme – see, for example, the provisional finding of the Competition and Markets Authority in 2016 regarding rail franchising award to Arriva, whose parent company also ran buses in the same location, leading to investigation of potentially anti-competitive behaviour.

EEH is supportive of the legislative proposal for GBR to issue directions to contracted operators to collaborate for defined benefits i.e., benefits to passengers or efficiencies in taxpayer money. We would seek to broaden these directions to include provision to collaborate with bus operators, further adding value to taxpayers and communities through delivery of a more integrated transport system.

Accessibility

It is not clear what definition of accessibility is being used, but it is possible to infer that it is predominantly focused on disabled passengers. EEH is supportive of a specific duty on accessibility – in particular, delivering accessible stations in line with the Leonard Cheshire campaign, and linking accessibility into the wider performance regime.

We believe that the definition of accessibility should be broadened to include social mobility. Transitioning to GBR presents opportunities for fare reforms, which could incorporate consideration of the socioeconomic factors associated with accessing rail services, possible subsidy opportunities for deprived areas and reviews disparities in ticket costs per track-mile and car parking charges (which can lead to passengers driving to alternative stations, rather than their nearest one). For example, North Northamptonshire Council report that East Midlands Railway is the second highest cost per mile for passengers in England. Deeper consideration should be given to the *Railway for Everyone* strategic study undertaken by Network Rail (unpublished, 2019).



England's Economic Heartland looks forward to continuing to work with you as we collectively work to deliver a railway fit for modern Britain.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Richard Wenham', with a long horizontal stroke extending from the end.

Richard Wenham

Chair

England's Economic Heartland

