

Rail Delivery Group Eight-point plan in response to Williams' Review

Purpose of report

For discussion.

Summary

This is an opportunity for EEHT Board members to discuss the Rail Delivery Group's (RDG) proposed eight-point plan to deliver a new system in response to the William's review of the structure of the whole rail industry and the way passenger rail services are delivered. Included in their proposal is to "bring decisions about local services closer to home" which members may wish to explore as to what this could mean in practice, such as integration with local transport and future fares integration. This discussion follows on from a previous discussion that the Board had on the Williams review last year.

The discussion will be led by Andy Bagnall, Chief Strategy Officer, RDG.

Recommendation

That the board notes the report and continues to influence the development of the rail industry and its structures.

Action

Officers will act as directed.

Contact officer:	Andrew Jones
Position:	Senior Adviser
Phone no:	0207 7664 318
Email:	andrew.jones@local.gov.uk

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Background

About the RDG

1. The Rail Delivery Group brings together the companies that run Britain's railway into a single organisation that works to advance the strategic goals of the industry and the network as a whole.
2. All the passenger and freight rail companies are members of the RDG, as well as Network Rail and HS2. They provide services and support to enable their members to succeed in transforming and delivering a successful railway, benefiting customers, taxpayers and the economy.
3. The RDG also provides support and gives a voice to freight and passenger operators, as well as delivering national ticketing, information and reservation services for passengers and staff on behalf of member companies.

About the Williams Review

4. The Williams Rail Review was established in September 2018 to look at the structure of the whole rail industry and the way passenger rail services are delivered. The review will make recommendations for reform that prioritise passengers' and taxpayers' interests.
5. It was led by an independent chair, Keith Williams. Keith is deputy chairman of the John Lewis Partnership and former chief executive of British Airways. He was supported by a panel of experts from across the country with expertise in rail, freight, business and passenger interests.
6. The review's findings and recommendations were due to be published in a Government white paper in autumn 2019. Reform was intended to commence in 2020. The Brexit debate, general election and COVID crisis have led to delays.
7. Last week the Secretary of State for Transport announced that the Department will be reforming the railways and will respond to the review. However, the emergency measures taken in response to COVID 19 may mean that a white paper is unnecessary. The franchising system has been effectively ended by the pandemic and the Government may use the opportunity to implement reform.

LGA view

8. In 2019 the Board gave a response to the Williams review. The Board's view was that rail has a vital role to play in serving the people and places we represent across the country, with a pivotal role in supporting businesses, creating the conditions for local growth and supporting residents in their everyday lives. Councils wish to see a successful rail industry that supports local growth and is properly connected with the fabric of local economies. Many councils feel that the relationship between rail and local government should be stronger. With the changing local government landscape, councils continue to find it difficult to engage with national agencies, such as Network Rail and Train Operating Companies (TOCs).

9. The Williams Rail Review therefore provides an opportunity for improvements in the way local government and the rail industry can work together for the benefit of passengers, local transport networks, and local economies as well as for taxpayers. The main crosscutting point that applies to all areas, and where the review is seeking input, is how rail industry structures interact with localities. Further engagement is required in how structures could be reformed to allow local government to interact with all levels of the rail industry successfully.
10. Our response is focused on what a successful rail industry would look like from the perspective of local government and that it is for the rail organisations and the Government to decide on the most appropriate structures for the rail industry.
11. The main calls in our full response were for:
 - 11.1. All parts of the rail industry engaging constructively with local government as partners.
 - 11.2. The rail industry, and especially the owners and operators of stations and land assets, to recognise and understand their role as place shapers.
 - 11.3. More effective outwards communication at all levels of the rail industry.
 - 11.4. More tolerance of a culture of risk and entrepreneurialism in non-safety focussed areas of rail industry management.

RDG view

12. The RDG has proposed an eight-point plan to deliver a new system in response to the review:
 - 12.1. **Deliver easier fares for all:** Update decades of regulation to enable a fares system which is much easier for passengers to use and better value for money, introducing pay as you go with a price cap across commuter markets, and reducing overcrowding on some of the busiest long-distance services while encouraging more people to use the network at different times of day. This fully reformed system would be backed up for the first time by an industry ‘best fare guarantee’.
 - 12.2. **Put a new independent organising body in charge of the whole industry:** Form a new independent organising body which removes the politics from the running of the railway as far as possible and acts as the glue that binds it together, joining up decisions, making sure customer needs are prioritised and holding the industry to account with penalties where it falls short.
 - 12.3. **Introduce responsive, customer-focussed ‘public service contracts’, replacing the current franchising system:** Create a new system of contracts that would be more responsive to what our customers are asking for. Our new ‘public service contracts’ system would be made up of TfL-style single branded ‘concessions’ where usually an integrated transport body effectively runs the service, or new ‘customer outcome-based’ contracts, in place of today’s tightly specified inputs-based model, which better incentivise

the private sector to innovate to improve, while only rewarding good performance.

- 12.4. **Give customers more choice of operators on some long-distance routes:** For some long-distance routes, having more rail companies competing for passengers means they could be offered a range of different services based on what they want. Whether it's quicker more comfortable journeys or faster Wi-Fi, demand would shape the market; meaning rail companies would have to adapt to the needs of passengers if they want to keep their business.
 - 12.5. **Make sure track and train are all working to the same customer-focussed goals:** Introduce a single thread of consistent targets and incentives running through the whole industry, from CEOs to frontline teams and between the track and the train, so that all parts of the railway pull together – ending the blame game.
 - 12.6. **Bring decisions about local services closer to home:** Where appropriate, for example in larger city regions which serve commuter markets, customers would benefit from local transport bodies being given more power to design and specify local services, bringing decisions about the railway closer to the communities it serves.
 - 12.7. **Enhance freight's central role in delivering for Britain's economy:** We want to work with government to develop a clear national framework to put freight at the core of the government's business, environmental, and transport strategic policy making. It is important that freight obtains the access it needs to the whole rail network to keep supermarket shelves stacked, the lights on and the economy moving in a global marketplace.
 - 12.8. **Invest in our people to deliver positive long-term change for our customers:** Develop a new approach to working with the unions, governments and the industry which provides our people with the skills, resources and rewards they need to deliver generational change in the railway.
13. Delivered in full, this plan opens the door to TfL-style concessions in more cities across the country, with services on other parts of the network contracted against tough passenger-centric targets. These services would be complemented by some long-distance routes offering more competition to customers. In all cases the plan would be underpinned by a modernised, easier to use fares system with tap in tap out and a price cap in urban areas, matching the way people live and work today. The new system would be overseen by a single organising body, independent of government and industry, ensuring decisions about trains, infrastructure and services are joined up and all players are held to account. All of this would be run by a skilled, diverse workforce working in partnership to deliver a singular focus on the customer.

Next steps

14. The LGA has a developing relationship with the rail industry. Given the end of the previous franchised-based regime, the RDG's commitment to localising more decisions and the Government's commitment to reform the rail industry it will be important for the LGA to continue to develop that relationship with the RDG to aid future collaboration with local government.

About Andy Bagnall

15. Andy is the Chief Strategy Officer at the Rail Delivery Group. Andy joined the RDG in September 2018, leading its media, public affairs and strategic communications functions.

16. Before RDG, Andy was KPMG's Director of External Affairs, and he previously spent five years at the CBI as Director of Campaigns. Andy has held a number of policy and campaigning jobs. He has a background in election organisation at both local and national levels. As a campaign consultant, he advised on state elections in Sydney, Australia. He was a special adviser to the UK government, serving two cabinet ministers in three departments over four years.