

**Re: Rail Decentralisation Consultation**

Thank you for the opportunity to comment on the Government's consultation on decentralisation of rail services. The continuing commitment of the Government to improve the existing railway and passenger experience is welcome. The County Council has made substantial investment in providing improved rail facilities and continues to place a high priority on rail in delivering its transport policy. This has included working with third parties to deliver two new rail stations using third party investment and numerous other improvements to passenger information, safety and security at rail stations across Warwickshire.

The overall trend in the numbers of rail passengers in Warwickshire is one of sustained growth with rail travel becoming increasingly important. Commuting and business travel to the West Midlands Conurbation and Coventry form a substantial element of rail travel in the County for people from a wide range of socio-economic groups. In some communities in Warwickshire, trains provide essential 'socially necessary services' as rail is the only form of regular public transport. There is also significant use of rail for commuting and business travel to London and the South East. Rail journeys for retail, leisure and social activities are also growing.

Accordingly, the County Council response is as follows:

***Q1 - Experience of existing rail devolution arrangements.*** *Consultees are invited to identify lessons which may be learned from existing rail devolution arrangements in Scotland, Wales, London and on Merseyside, and which are relevant to any proposals for future rail decentralisation covered in this document.*

The experiences in Scotland, Wales, London and Merseyside demonstrate that having local oversight of an essential local service has delivered benefits for passengers, taxpayers and stakeholders. However the very different devolution models followed in each of these areas shows that there is no one approach which is appropriate for all areas.

A consistent fact across all the devolved areas is that the services being specified tend to be highly subsidised, but deliver significant wider economic benefits. This means that the commercial incentives on the operator to act in the best interests of the passenger can be weak without a clear specification and strong management arrangements.

Any model for devolved responsibility therefore needs to be developed taking into account the unique circumstances of an area and the services covered.

***Q2 - How decentralisation could contribute towards achieving objectives and outcomes.*** *Consultees are invited to submit views on how they consider that devolving responsibility could help achieve the objectives for the railway set out in paragraph 3.1.*

Devolving responsibility could help to deliver the objectives outlined in Chapter 3 as follows:

### **Cost reduction and enhanced value for money**

The consultation paper points out that the regional franchises are the most heavily subsidised nationally, and urban commuter services can often be particularly heavily subsidised due to the high peak resource requirement (for both rolling stock and train crew) but significantly lower off-peak demand.

A devolved franchise specified by a local transport authority should be better able to consider the peak service specification in the context of the overall local transport network, and allow decisions to be made on whether certain rail flows are best provided by other modes, or how improved integration could deliver more efficient outcomes.

Greater local influence over fares policy could allow options for encouraging use in the off-peak where capacity exists to be pursued more vigorously. The zonal ticketing structure which currently exists in the West Midlands metropolitan area is good basis for building better fares and ticketing arrangements across the region, and supporting future smartcard based tickets. A more flexible locally-specified franchise could find it easier to make trade-offs between fares, service levels and quality in order to balance outcomes for both passengers and taxpayers.

An example of where there could be opportunities for efficiencies in service operation is the integration of the current Chiltern Railways Birmingham Moor Street – Leamington Spa local service into current London Midland service patterns.

### **Local Democratic Control**

The County Council agrees that any move towards local control should ensure democratic accountability, whilst retaining rational railway service groupings and economies of scale. It should be relatively straightforward to define such a package of services within the West Midlands region.

### **Benefits for Passengers**

The County Council believes that there would be benefits to passengers and other local transport users from a locally-set franchise. Benefits could include:

- Delivery of better service quality across whole WM network, encouraged by appropriate incentive regimes and monitoring arrangements
- Single approach to marketing, branding and ticketing across whole journey to work area.
- More responsive decision-making and implementation of change to meet passengers' needs.

- Planning future services and new stations that are closely linked to other local plans for housing and economic development.

### **Supporting and Stimulating Economic Growth**

The rail network will have a crucial role to play in delivering economic growth across Warwickshire and the West Midlands, and it is therefore essential that the franchising arrangements are able to meet the needs of catering for growth, and also the flexibility to change to meet emerging needs.

### **Contribution to Carbon Reduction**

Rail has already demonstrated an ability to achieve modal shift from road – the growth in modal share into central Birmingham from 17% to 27% over the last decade has been accompanied by an equivalent reduction in road usage. By delivering the service offer, capacity and quality required by current and new users, rail has the ability to continue to take cars off the road and deliver a reduction in carbon.

**Q3 - Views on activities that should be devolved.** *Comments are invited on the list of responsibilities that should be retained by central government and those that might be devolved to sub-national bodies.*

The activities outlined in paragraphs 4.4 and 4.5 which suggest the areas which could be retained by central government and devolved seem an appropriate split. Comments on the areas the DfT is willing to explore devolving are as follows:

**Capacity: rolling stock** – the provision of train capacity will be a key issue for the new franchise and it seems appropriate that loading standards and capacity policy should be a matter for a devolved franchise body. However, the provision of rolling stock is a major cost area and it would be difficult for a devolved body to fund the subsidy costs associated with underlying growth. It would appear reasonable to expect the DfT to consider funding compliance with its national loading standards as part of any financial settlement for a devolved body, but with a devolved body funding the costs associated with any betterment of this policy.

**Capacity: Infrastructure** – there would appear to be an opportunity to devolve responsibility for funding certain infrastructure enhancements from CP6 onwards in order to ensure that the franchise development strategy can be fully aligned with the infrastructure strategy.

**Connectivity Enhancements** – A devolved arrangement would appear to offer to make it easier to introduce new rail services more quickly, cheaply and simply, without the complex commercial negotiations which can delay such proposals currently. There are several corridors within Warwickshire and within the West Midlands that would benefit from the introduction of new local services including Birmingham – Tamworth, and Birmingham – Nuneaton.

It is noted that the DfT is proposing that these local connectivity enhancements should be funded and specified by the devolved body as currently, however it is noted that the current DfT policy is to consider funding these services after three years subject to certain criteria being met. The current proposal is that the devolved body would have to take on the funding responsibility for new services for perpetuity. The implications of this would need to be carefully understood in the context the overall funding arrangements for the franchise, and should also be dependent on the exact nature of the new services being specified. For example, if a new West Midlands franchise were to specify and fund new local services between Birmingham and Nuneaton, this would have significant capacity and journey time benefits for the DfT-specified Crosscountry franchise and could delay the need for the DfT to fund additional rolling stock on these services. In these circumstances it would seem appropriate for the DfT to provide a funding contribution toward the new local services.

**Local Ticketing Policy** – A potential benefit of devolution would be the ability to widen the current zonal ticketing system which exists within the Centro area into the wider travel to work area. This could offer significant passenger benefits and reduce some of the pricing disparities that currently exist.

***Q4 and Q5 - Views on types of service that should be devolved. Which types of service are suitable for local control? Should longer-distance services be regarded as “strategic”, because they serve a variety of markets and economic purposes, and therefore be specified nationally? In areas where responsibility for local passenger services is devolved, what are the implications for other users of the rail network, including freight customers and operators, and how might these implications be addressed?***

A devolved body will be primarily interested in ensuring that effective local and commuter services are delivered in its area of responsibility, however on a multi-user network such as in the West Midlands it is recognised that all passenger and freight operators play an important role in supporting the economy and that there needs to be an appropriate balance between the competing demands on capacity.

In Warwickshire some local services are provided by the London Midland franchise, but Chiltern Railways, Crosscountry and Virgin West Coast also provide important local, regional and national connectivity.

It is accepted that there is a need for there to be national specification for the inter-city and inter-regional services, but these need to be developed in conjunction with the devolved local body, and these national franchise operators need to commit to working closely with the devolved authorities.

As stated previously in the response to question 3, there is the potential for a devolved body to specify new local services which could remove some of the local service requirements on longer distance services. This would benefit these services by reducing overcrowding and reducing journey times.

**Q6 - Views on the five options.** *Consultees are invited to comment on the models for decentralisation and how they might apply or be appropriate to particular parts of the country or service groups in a particular area.*

It is noted that the DfT has identified five potential models for decentralisation and the County Council agrees that these probably cover the range of possible options. We believe that there is unlikely to be any single model which is appropriate across the country, and each devolved proposition needs to be developed around its own local circumstances.

**Q7 - Views on governance.** *Comments are invited on issues related to the size of the area that needs to be covered by a devolved body and the governance issues that this may give rise to.*

Securing the appropriate governance arrangements and a franchise model for a devolved body will be key to its effective working and acceptability to the County Council. These will need to be developed according to the individual circumstances for each area and in the West Midlands it should be possible to develop an appropriate governance structure and franchise model which brings together Warwickshire, Centro and the other Local Transport Authorities across the region.

The County Council is currently participating in discussions on possible governance and franchise model options at the West Midlands Regional Rail Forum and the West Midlands Rail Members Group. The details of how such a structure would work in practice would need to be developed in parallel with the proposal for a devolved West Midlands rail franchise. The governance structure would need to take account of the franchise model, services covered and funding arrangements.

**Q8 - Views on funding.** *Consultees are invited to comment on the basis on which the level of funding to be devolved might be established.*

Determining the appropriate funding arrangements would clearly be essential to the success of a locally-specified franchise. Any funding settlement would need to meet the requirements of both the DfT and the devolved body and therefore further discussions on this matter would be critical.