

Rt Hon Justine Greening MP
Secretary of State for Transport
Department for Transport
Rail decentralisation consultation
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Dear Secretary of State for Transport

Response to consultation on devolution of rail franchising

I am writing, on behalf of the London Assembly Transport Committee, to set out our response to the Government's consultation 'Rail Decentralisation: Devolving decision-making on passenger rail services in England'. The Committee has a wide range of experience in scrutinising London's rail network, focusing on how to achieve the most efficient and best quality service for passengers.

The Committee has previously advocated for greater control for the Mayor and Transport for London (TfL) over rail franchising in response to the Government's first consultation on changes to franchise arrangements in October 2010¹. We therefore formally support TfL's expression of interest in assuming control over two sets of inner suburban routes currently operated by Southeastern and West Anglia, as set out in the *Mayor's Rail Vision*. We judge that TfL's success with London Overground demonstrates the potential value in awarding it control over the Southeastern and West Anglia inner suburban services.

The remainder of this response addresses four specific areas from the consultation document. It is based on the Committee's position outlined previously in responses to the draft London and South East Route Utilisation Strategy (RUS)² and the draft Initial Industry Plan (IIP)³. The Committee also held a public discussion with TfL and Network Rail in February 2012 at which our support for the proposed pilot scheme contained in the *Mayor's Rail Vision* was underlined.⁴

1. Experience of existing rail devolution arrangements

The development of London Overground should stand as an exemplar for what detailed strategic planning and effective delivery at a regional level can achieve in rail. The benefits realised to the orbital rail network since TfL took control of the Silverlink franchise in 2007 are obvious:

- Passenger satisfaction has increased by almost a third in five years;
- London Overground is now one of the most reliable networks in the country;
- Consistent fares and ticketing policy has led to a reduction in fare evasion;
- An overall reduction in crime; and
- Passengers now benefit from cleaner stations and more modern rolling-stock.

¹ Response to consultation on rail franchising, 15 October 2010

² Response to the London and South East Route Utilisation Strategy, 9 March 2011

³ Response to the Initial Industry Plan for London and Wales, 18 November 2011

⁴ Details of this meeting can be found on the London Assembly website

The success of London Overground can also be measured by the major rise in passenger numbers since 2007. Demand on London Overground, which now encompasses several distinct 'lines', has tripled from 600,000 a week to 1.9 million, demonstrating that despite the popularity of rail in London, there remains a significant amount of untapped potential.

The cohesion of London Overground stands in contrast to the rest of London's suburban rail network: around 10 different Train Operating Companies (TOCs) run various parts of the suburban and inter-urban network, with a confusing mix of service provision, quality and fares. This split responsibility can also exacerbate difficulties when the transport system struggles to maintain a full service, such as during heavy snowfall. Our work in this area has demonstrated the frustration that many passengers feel when transport providers maintain differing levels of service and communication during severe disruption.⁵

The experience of London Overground demonstrates that regional planning, involving local stakeholders to determine future needs, can deliver improvements to suburban rail services. Many parts of London have been transformed by the success of London Overground, which has led to a more cohesive transport system serving the needs of passengers and communities.

2. How decentralisation could contribute towards achieving objectives and outcomes

It is clear that London's rail network already meets many of the objectives outlined in the consultation document. This situation could be enhanced with further devolution of rail franchise agreements.

Cost reduction and enhanced value for money

London Overground has already demonstrated TfL's ability to leverage extra investment, increase service levels and passenger numbers, and make sizeable gains in passenger satisfaction. We note that this has been achieved despite London's rail network receiving a lower subsidy than many other parts of the country.

Local democratic control

The Mayor, through TfL, already controls most public transport in London and is directly accountable to voters. The London Assembly Transport Committee, which provides scrutiny and oversight of the Mayor, is likewise directly accountable. Extending this model to replace the relatively unaccountable TOCs would allow for a flexible local transport policy based on local and regional needs.

Benefits for passengers

The potential benefits as demonstrated by London Overground are clear: a cleaner, safer and more reliable service for passengers. From a passenger perspective, a cohesive system from ticket to station to stop must be the way forward. Within London, past experience has demonstrated that greater integration under a single authority is the most effective way to achieve this.

Supporting and stimulating economic growth

The links between improving suburban rail and local, regional and national economic growth are clear. Suburban rail services are the vital last step allowing up to two million people to get to their daily job. Additionally, opening up new areas of London to faster, more frequent and better quality rail services has the potential to support urban regeneration and development. For example, early data on

⁵ *Slipping up? Impact of the extreme weather on London Transport*, Transport Committee report, February 2010 and follow-up work on the Assembly's website

property prices along the East London Line shows that they increased more than the average for east or south east London in the two years following its opening.

London Overground has already provided hard evidence of how many of the Government's objectives for future rail development can be met. We consider that these benefits could be extended to other suburban rail lines in and around London by expanding the current franchise model and devolving further responsibility to the Mayor and TfL.

3. Views on activities/types of service that should be devolved

Suburban rail in London represents an identifiable need that is currently being met by confusing and poorly organised supply. Current franchise models favour the development of inter-urban and long-distance lines over the relatively small return on suburban routes.

In order to address this imbalance, and realise the range of benefits highlighted in section 2 of this response, the Government's devolution agenda should be about transferring real control and accountability. As a minimum requirement, the Committee would support TfL's 'wish list' of activities which it believes is necessary to deliver an effective, integrated suburban rail service:

1. The Mayor should be allocated DfT's rail budget for relevant inner suburban passenger services;
2. When Anglia and Kent franchises come up for renewal, inner suburban services should be specified by TfL to Overground standard under a separate concession;
3. TfL should have full accountability for contract management, such as 'breach' and 'default';
4. All fares for travel within London would be set by the Mayor to enable a simplification not only of the associated bureaucracy but also to reduce confusion around ticket products and fare structures;
5. ...and with the above, relevant inner suburban services could be branded 'London Overground'

The Committee supports the view that national government should continue to specify outer-suburban and long-distance rail, and that track access rights should continue to be allocated on the basis of the existing regulatory framework by the Office for Rail Regulation (ORR).

As a Committee, we will also continue to provide oversight of TfL's activities and plans, to ensure it is working within effective partnerships with all regulatory and statutory bodies.

There can be no half measures if the full benefits of suburban rail franchise devolution are to be realised. Effective control over budgets, service provision, fares, ticketing, and branding, within a robust regulatory and oversight framework, must be devolved to allow the Mayor and TfL to make best use of resources

4. Views on Governance

The Committee is aware that the current proposal from the Mayor and TfL would extend control of rail services to areas over which the Mayor has no direct democratic mandate. Though TfL has said that devolution would not negatively affect calling patterns or access to the network for longer distance

services, we acknowledge the particular concerns of rail user groups and councils when it comes to service provision outside London.

We note that TfL already controls services outside of the London area without controversy (e.g. the north-west end of the Metropolitan line to Buckinghamshire and Hertfordshire): this could be a model for how this issue is addressed in any future devolution. The Committee discussed this issue with TfL in February 2012 and agreed that future franchise agreements could give affected local authorities outside London a role in governing the franchise, such as approval for any significant changes affecting their areas.

Other governing structures exist to advocate for areas outside London. The TfL Board already includes members representing people outside London. Our Committee would also continue to consult with a wide array of stakeholders during scrutiny of rail issues providing further public opportunities for issues to be raised and addressed.

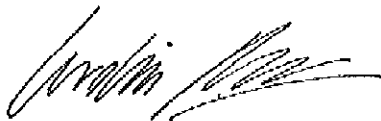
Finally, the Mayor and TfL already have the right to suggest changes to franchise agreements which have been of benefit to all users. For example, our past work on cycle parking has shown how TfL has used its powers to increase the minimum level of cycle parking provision at stations.⁶

The rail network in the south east does not conform to local authority boundaries and a degree of flexibility is needed to ensure its potential is maximised. While the concerns of those outside Greater London are understandable, the mix of current governing structures, with the additional protections within any future franchise agreements, can ensure that the appropriate checks and balances are in place from the beginning, and may therefore increase the overall democratic accountability of rail services in those areas.

Devolving control of suburban rail franchises to the Mayor and TfL would be a once in a generation improvement to rail management and delivery in the capital. While we acknowledge the Government's caution with regards to London, we do not feel it is supported by the evidence. London Overground provides an excellent example for how successful franchise devolution can be managed, with all stakeholders engaged in planning, implementation and oversight to deliver a hugely improved service. We would, therefore, at a minimum, expect the Mayor and TfL to be allowed to pilot the expansion of this model to the inner-suburban routes of Southeastern and West Anglia as detailed in the Mayor's *Rail Vision*.

With our substantial experience in protecting the needs of passengers and scrutinising London's rail network in London, we look forward to working in partnership with the DfT and other regional and local stakeholders to ensure the best outcome for passengers in London.

Yours sincerely



Caroline Pidgeon AM
Chair of the Transport Committee

⁶ *Stand and Deliver: Cycle Parking in London*, London Assembly Transport Committee, June 2009