

# ALL CHANGE?

## REPORT OF THE TRANSPORT OPERATIONS SCRUTINY COMMITTEE'S INFORMATIVE REVIEW OF MAINLINE RAIL SERVICES IN LONDON

February 2002



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### **Introduction by the Chair of the Committee**

The overwhelming transport emphasis of the Greater London Authority and Transport for London, in the first two years of their existence, has been on the performance of those parts of London's transport they directly control or, in the case of the tube, will control in the near future. This report is about a crucial part of London's transport system, the National Rail system, which falls beyond direct control and, perhaps as a consequence of this, on which relatively little has to date been said by the Mayor.

London's success depends on its commuter and long-distance rail services as much as on any other transport systems, a fact well demonstrated by the enormous disruption caused when they don't operate properly. For that reason alone it is a subject worthy of consideration by us and of attention by the Mayor. Yet it is clear that these services are underachieving their potential in a number of ways. We briefly look at some of those failings from a London perspective.

#### *Key Issues*

A major deficiency of the rail system lies in the under-achievement of the potential for rail services within London to serve the need for local journeys by Londoners. The 'South London Metro' is a good example of this. It should be the South London equivalent of a tube network, but has failed yet to achieve the public confidence, recognition and support required. Our report asks all sides to think through what is needed to make the step changes required to achieve that potential.

We have considered also the effects of Railtrack's insolvency on rail services for Londoners. Our conclusion is that day-to-day business has not yet significantly been affected. However, continuing uncertainty about the future of Railtrack must in the longer term be an issue. We suggest that this issue will need to be revisited if Railtrack's future is not resolved by the Autumn.

Our fundamental role is to advise and scrutinize the Mayor, to praise him where warranted and to suggest action where this is needed. The Mayor's Transport Strategy said quite a lot about the potential and importance of the National Rail system in London and to London, albeit in quite general and aspirational terms. We applaud the general intentions stated in this strategy. However, the time is approaching for action, to translate aspirations into a concrete vision, in partnership with the SRA and operators. In addition to a responsibility for strategy, the GLA Act gave powers of instruction or guidance to the Mayor over rail services in London. As yet none have been issued. Again, this is an area where action by the Mayor is becoming overdue. Recent proposals by TfL and the Mayor for the creation of a 'transit authority' to directly control these services are in our view premature given that the potential for partnership has as yet not been tested. The Mayor should proceed urgently to issue directions and guidance to the Strategic Rail Authority.

Nothing will be possible without the money to deliver. If the Mayor wants greater influence over rail services, he will have to identify the resources to underpin this. The nature and extent of the investment involved means substantial sums will be needed, and the Mayor needs to think about the sources he will call upon. This may mean entering into discussions with the Government about use of their grant to Transport for London.

**This is a short, and strategic, piece of work. It points towards a number of objectives. It is suggested that its conclusions and recommendations be reviewed in the Autumn.**

I would like to thank everyone who made our one-day hearing, on 21 January, such a success. It was a good opportunity to examine these issues and to test our views and assumptions with the main stakeholders.

### **Key Recommendations**

The Key recommendations of this report are:

- A. Any proposals for change to the current institutional arrangements for mainline rail services and any guidance issued by the Mayor of London must take account of the need:
- To guarantee consistent, Long-term investment in services for London
  - To ensure that clear, strategic direction is given for rail services in London
  - To avoid further complexity and, where possible, to simplify the current arrangements for services in London
  - To focus on quality and consistency of services to users
  - To give greater attention to customer care
- B. We do not consider that the case has been made for immediate creation of a commuter rail authority. Instead, the cooperative arrangements that have been put in place involving the Mayor, Transport for London, the Strategic Rail Authority and others should be given time to work. However, TfL and the SRA should agree and publish the criteria by which the success of these arrangements can be measured and judged. If they do not produce measurable improvement against these tests over a reasonable timescale, and certainly before the end of the current Mayoral term, the idea of a new authority will have to be revisited.

One of the key tests will be delivery of intra-London mass transit services, such as the South London Metro and Orbirail. The Mayor should spell out for Londoners how he will help deliver these schemes.

C. Transport for London should review, define and publish their approach to partnership working (and a possible future commuter rail authority), in particular regarding:

- The boundary within which the partnership should operate
- How the partnership will operate and be held to account
- How finance will be directed to and through the partnership
- The appropriate powers for partnerships with the private sector

D: As regards finance, TfL and the Mayor need to explain what potential resources will be available through TfL/the GLA for the partnership. Their proposals need to include mechanisms for:

- The funding of both capital and ongoing revenue commitments
- The procurement of major rail infrastructure such as new lines, but also the possible procurement of minor rail infrastructure improvements
- The potential relationship between the Mayor/TfL and franchise agreements
- The use of funding for added-value schemes such as station and interchange improvements and safety schemes.

The Mayor should consider the extent to which the Government's grant to Transport for London should be used for this purpose, and whether there should be discussions with Government about the extent and use of this grant.

E: The Mayor, Transport for London, the Strategic Rail Authority and other key stakeholders should prepare a statement of customer service delivery standards for mainline rail services in London. Rail user groups should be fully involved in preparing this statement, which should cover all aspects of service to the passenger, including the travelling environment. This statement should be used as the basis of future franchise agreements, and for performance monitoring. Consideration should be given to use of the service quality incentive regime used by some passenger transport executives in other metropolitan areas.

F: Key features of an integrated transport system are properly coordinated ticketing and interchange. As part of the directions and guidance to be issued the Mayor and Transport for London should:

- Direct the Strategic Rail Authority to move towards fare standardisation for rail services in London, and greater fare integration with other transport modes, in future franchise agreements

- Set clear targets for the better physical integration of rail with other transport modes in London.

G: The Mayor should urgently move towards production of his directions and guidance to the Strategic Rail Authority. In doing so, we believe he would be well advised to take account of the issues raised and recommendations in this report, and in particular these key recommendations.

The Assembly would expect to have the opportunity to see and comment on drafts of the direction and guidance before they are issued.

## 1. EXECUTIVE SUMMARY

1.1 This report sets out the findings of the Transport Operations Scrutiny Committee following a review of the current state of mainline rail services in London, and ways of improving them. The Committee held a special all-day meeting on 21 January 2002, when it heard evidence from Transport for London, the Strategic Rail Authority, the Association of Train Operating Companies, Railtrack and the London Transport Users' Committee.

### *Our conclusions about the state of London's rail services*

1.2 This review took place against a background of mounting concern about the state of Britain's railways, evidence of worsening services, Railtrack being placed in administration and poor industrial relations. The evidence we heard suggested that Railtrack's demise has not in itself created a crisis but confirmed that London's rail services are not as good as they could, and should, be. There is much that is good but it is in the nature of scrutiny to identify weaknesses. Key areas of concern are:

- overcrowding, particularly on commuter routes into Central London
- areas of service unreliability and shortages of drivers which frustrate travelers and add to congestion on services that do run
- very variable service frequencies, particularly on non-commuter routes
- inadequate integration and interchange arrangements with other forms of public transport leading to under-achievement of Rail's potential
- confusing ticketing arrangements inadequately integrated with those of the rest of the transport network
- the under-development of 'within-London' networks and trips. This is against an historical prioritization of longer-distance commuting but also relates to issues of staffing, safety, fares integration and the overall quality of the service offered
- historic under-investment, both to address larger capacity and infrastructure issues but also to target smaller bottlenecks which appear to impede development of local services.

### *What has gone wrong*

1.3 In our view, the problems being faced on the railways are due to a number of interlocking problems: inadequate and inconsistent investment, lack of strategic direction (although there are encouraging signs of this being addressed) and the complexity of the post-privatisation organisational arrangements for providing rail services. From a London perspective there is a further issue, in the tension between on the one hand the organisation of the railways into sectors meeting in London, whose priority has tended to be towards longer distance and commuter

travel, and on the other the desire of London to be treated as a unitary area with its own needs.

- 1.4 Our analysis of these issues leads us to identify some key messages for policy-makers looking at ways of improving things:
- There is a need for guaranteed long-term investment in the rail system
  - There is a need for clear strategic direction
  - There should be no avoidable increase in the complexity of the system. If possible, arrangements should be simplified, with fewer players and inter-relationships between them
  - There has to be greater attention paid to the quality and level of service provided to users. This should be the priority, rather than internal arrangements within and between the commissioners and providers of rail services
  - There has to be greater attention to the “softer”, passenger care, aspects of rail service delivery to support this customer focus
  - There needs to be a strong London voice for rail services.

#### *Railtrack*

- 1.5 We were reassured that the placing of Railtrack in Railway Administration has not yet had a significant direct effect on day-to-day services. It is, however, a matter of concern that long-overdue, important major network improvements are being further delayed. The uncertainty surrounding the future of Railtrack can only make matters on the railways worse, and we urge the Government to resolve the matter as quickly as possible.

#### *A transit authority for London?*

- 1.6 We examined in some depth the proposals that have been put forward by the Mayor and Transport for London for creation of a commuter rail authority (a ‘Transit Authority’). We heard that there are already existing arrangements being put into place between the Mayor, Transport for London, the Strategic Rail Authority and other stakeholders to work on rail issues in London on a cooperative basis. Furthermore that both legislation and inevitable organisational disruption would be required to create a Transit Authority. In our view, service quality and standards should be the priority, rather than further organisational change, and the new arrangements should be allowed time to bed down and function. An ambitious agenda has been set for the new joint arrangements, but all concerned need to be aware of the need for a wholesale improvement in services. These projects can only be the start.

- 1.7 While we are not persuaded of the case for immediate change, the new cooperative arrangements cannot be given forever to bring about the improvements so badly needed. If they work effectively they will act as a shadow transit authority. If there is not a significant improvement before the end of the current Mayoral term, we believe the case made by Transport for London will be strengthened. In either event, both sides need to be clear about their objectives – the ‘success criteria’ – in the cooperative arrangements, so that these can be evaluated.
- 1.8 This period will give Transport for London some time to refine and further consider their proposals. In particular, attention needs to be given to the boundaries a new authority would serve, how it would be governed, and the powers and resources it would require to play the part it would have to in setting up partnerships with the private sector.
- 1.9 At the same time, the Mayor should explore the limits of the new arrangements, and establish how far he can secure his objectives within them. In particular, we suggest that the idea of the Mayor co-signing train operating franchises is worth consideration.

#### *Service quality standards*

- 1.10 We believe that the area demanding urgent attention is the quality of service experienced by rail travellers. London Underground have adopted a statement of level and quality of service to be delivered to passengers, across all aspects of a journey from the station environment, through ticketing to information and cleanliness on trains. We believe there is an urgent need for such a statement for mainline rail, and that this should be a key driver of any Directions issued by the Mayor to the Strategic Rail Authority under the Greater London Authority Act. The standards set out in this document should be prepared with the full involvement of groups representing rail users.

#### *Resources*

- 1.11 Given the sums and lead-in times involved in major rail projects, issues of resourcing are among the most important. They are also among the most difficult. If the Mayor and Transport for London are to have the degree of influence they seek, they will have to consider how they will secure the financial resources they will need to do so. These issues are complicated by the range of interventions that may be required, from procurement of relatively minor infrastructure improvements (where approaches being adopted for major projects like Crossrail may not be appropriate), through the kinds of station and interchange we identify as being essential, to major projects, like new lines. Ultimately, however, it may be that some of the grant paid by the Government to Transport for London would have to be allocated to rail projects if the Mayor is to have the measure of influence he seeks. It may well be that the Mayor will have to enter into discussions with the Government about this.

### *Directions and Guidance*

- 1.12 The Greater London Authority Act 1999 empowers the Mayor to issue directions and guidance to the Strategic Rail Authority regarding rail services in London. So far, he has not done so. This is an area where action is overdue.

### *Other issues*

- 1.13 We consider that more attention needs to be given to improving interchange between rail services and other modes of public transport, and to integrating fare structures. The Mayor and Transport for London should promote improvements in these areas.
- 1.14 Greater attention also needs to be given to staffing issues, including recruitment and retention, training and industrial relations. These are important to securing the kind of service improvements we want to see.

### *The way ahead*

- 1.15 We think it is important that the GLA should keep these matters under review. The Mayor will naturally take the issues we raise into account as he prepares his directions and guidance to the Strategic Rail Authority, and the Assembly should have the opportunity to see these, and to comment upon them, before they are formally issued. A number of other questions need to be addressed by the Mayor to ensure that he acts with credibility.
- 1.16 We have concluded that the need for improvement is now pressing. The credibility of the Mayor and the GLA as partners in the operation of London's railways is at stake, and there is a need to find some "quick wins" to show that the will and ability to change things for the better exist.
- 1.17 The review we carried out was limited in its time and scope. As such, it has the advantage of an overview.

## 2. BACKGROUND

- 2.1 The Transport Operations Scrutiny Committee conducted an informative review of the current state of mainline rail services in London, and proposals that have been put forward for improving them, at a special meeting on 21 January 2002.
- 2.2 Mainline rail services play a vital part in sustaining London's economy and vitality. They are the primary means of travelling into town from outside the Greater London area, particularly for getting to work. Trains carry 1.6 million people into London daily, and 80% of those entering central London from outside the city; 55% of these journeys are related to work. As Railtrack pointed out to us<sup>1</sup>, London is economically dependent on commuters coming in from outside the metropolitan area, and they in turn depend on rail services to bring them into the centre. The central role of rail in supporting economic development has been shown recently by the debates about the routing of the Crossrail project through east London.
- 2.3 Mainline rail is also central to London's public transport network. For much of south London, it is the only form of rapid mass transit. The Mayor's Transport Strategy makes clear how expanding the rail system in London is central to tackling congestion, improving intra-London links, assisting regeneration and improving the accessibility of town centres as well as linking London to international transport facilities such as the Channel Tunnel. Another Assembly Committee is currently considering how rail services can be enhanced in the short and medium terms to address transport problems in outer London.
- 2.4 Equally, London is key to the national rail network. A glance at the map of railway lines shows that the principal routes converge on the city. The Strategic Rail Authority point out in their Strategic Plan<sup>2</sup> that 25 rail traffic "flows" starting at the main London termini account for nearly one fifth of total national rail revenue and that some 70% of rail passenger journeys take place in the South East. Figures provided to us by the London Transport Users' Committee<sup>3</sup> show that only 24% of trains terminating or starting in London serve only the Greater London area, while nearly 22% serve areas fifty miles or more away. London's rail infrastructure handles intra-London, long distance and freight services. What happens here will impact on transport throughout the country.
- 2.5 But it is clear that things are not as they should be on the railways. Since the Hatfield accident in October 2000, scarcely a day has gone by without press reports of poor services, problems of management and safety, industrial relations problems and mounting dissatisfaction among passengers. This attention has taken on a new intensity with the decision by the Secretary of State for Transport, Local Government and the Regions to place Railtrack in Railway Administration. This Committee receives regular Performance Monitoring Reports on rail services in the London area from the London Transport Users' Committee (LTUC) which allow us

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<sup>1</sup> Memorandum Railtrack, page 1

<sup>2</sup> Strategic Rail Authority "Strategic Plan", 2002

<sup>3</sup> Supplementary information, LTUC

to monitor the situation. The last of these we considered – covering the second quarter of 2001-2002<sup>4</sup> – noted that most train operators in the London area recorded more passenger complaints in the first half of this year than in the whole of 2000-2001.

- 2.6 Against this background, a number of individuals and organisations (including Transport for London) have put forward ideas for improving the situation, most involving changes to the managerial framework put in place after privatisation of the railways between 1994-7. Government also has to consider the future of Railtrack. The week before our meeting, the Strategic Rail Authority published its long-awaited Strategic Plan.
- 2.7 Accordingly, it seemed to us an opportune time to conduct an in-depth look at the state of London's rail services and at the ideas being put forward for improving them. We conducted a day-long hearing on 21 January 2002, when we heard from Transport for London (TfL), the Strategic Rail Authority (SRA), the Association of Train Operating Companies (ATOC), Railtrack and LTUC. This gave us an opportunity to get a good understanding of the issues involved, and of the varying perspectives within the rail industry. We would like to thank everyone who came and answered our questions.
- 2.8 This report starts with a brief explanation of the current organisation of the railway in London. This is followed by the conclusions we have drawn from the evidence we have heard, and our recommendations to Government, the Mayor and others. The very full and helpful memoranda we received from those giving evidence are also attached as appendices; we believe that these will be useful source material for everyone with an interest in these issues.
- 2.9 Of necessity, this report focuses on problems and the negative aspects of railway services in London. It is important to bear in mind, as the SRA reminded us, that the railways do deliver services each day, and carry a third more passengers than five years ago and 40% more freight. We want to recognise the hard work of all involved in providing rail services. They frequently have to take the blame – and the brunt of public frustration – for problems that are not of their making.

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<sup>4</sup> London Transport Users' Committee, "Performance Monitoring Report on National Rail Passenger Services in the London Area: Quarter 2 2001-2002", page 1

### 3. THE CURRENT ORGANISATION OF RAIL SERVICE IN LONDON

3.1 Since railway privatisation, responsibility for the railway system in Britain has been divided as follows:

- Overall national policy is set by the Government. **The Department of Transport, Local Government and the Regions** is the responsible department.
- **The Strategic Rail Authority (SRA)** has been set up by Government to take a strategic overview of the direction and objectives of the rail system. It also lets and manages franchises for the running of rail services to:
- **Train operating companies (TOCs)**, who operate rail services. Each franchise agreement sets out a minimum level of service (called the **passenger service requirement**), which is set by the SRA. The trade association for TOCs is the **Association of Train Operating Companies (ATOC)**.
- Railtrack, a private limited company that has been in administration since October 2001, owns the rail infrastructure and stations. Railtrack leases most stations to the TOCs operating services using them. It also sells the TOCs access rights to use the track.
- The arrangements between Railtrack and the TOCs for access to the network are policed by the **Office of the Rail Regulator (ORR)**, which approves access agreements, adjudicates disputes, licences train operators and controls the licence granted to Railtrack by the DTLR.
- Rolling stock (locomotives, carriages etc.) is owned by private sector **rolling stock leasing companies (RoSCOs)**. They lease these to the TOCs
- The former British Rail infrastructure maintenance operation was split into a number of **infrastructure companies (INFRACos)**

3.2 A slightly different arrangement exists in the six metropolitan areas in England and Strathclyde in Scotland<sup>5</sup>. Here, **passenger transport authorities** comprising elected councillors nominated by the district councils in the area, set public transport policies for their area. Passenger transport executives (PTEs) made up of technical officers implement these policies. The PTEs are co-signatories, with the SRA and the relevant TOCs, to the local rail franchises for their area. They can negotiate changes to the arrangements for their areas, which have to be agreed by the relevant TOC. The PTEs set out detailed requirements on aspects of service such as cleanliness of stations and trains, arrangements to safeguard passengers' personal security and provision of information, under what is called the service

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<sup>5</sup> This account of arrangements in other metropolitan areas is drawn from "All Aboard: a review of local transport in urban areas outside London", Audit Commission (1999)

quality incentive regime (SQUIRE). TOCs receive incentive payments depending on their performance against these standards. PTEs can fix fares for, and keep the fare income from, the train services they support. The DTLR gives grants to the PTEs to fund the service levels and fares set for their area.

- 3.3 In London, the Greater London Authority Act 1999 requires the SRA to take account of the **Mayor's Transport Strategy** when carrying out its functions regarding mainline rail in London. **The Act also gives the Mayor powers to give the SRA directions and guidance** regarding rail services in London, although the SRA must disregard these if they are contrary to directions or guidance from the Secretary of State, or if they would conflict with its financial framework. The SRA can also decide to disregard a Mayoral direction if it would adversely affect services outside London, or increase the cost of rail services to the SRA. We heard that the Mayor has not yet issued directions or guidance, although work on a draft Direction is in progress. It became clear to us that the question of resources was a fundamental reason for this delay, as Directions without the wherewithal to deliver them could potentially be an unimplementable wish list<sup>6</sup>.
- 3.4 We heard about the arrangements that are being put in place between the Mayor, Transport for London, the Strategic Rail Authority and other stakeholders on a cooperative basis to work on rail issues. Under these arrangements, there is increased exchange of information and discussion about service specifications in franchise agreements. A joint company has been established to develop Crossrail, and a London Programme Office is being set up, staffed by TfL, the SRA and Railtrack to work up infrastructure projects. To support this, a Rail Services Division has been set up within TfL.

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<sup>6</sup> Minutes of Evidence, 21 January 2002, page 62

## 4. THE EVIDENCE AND OUR CONCLUSIONS

### *The State of London's Railways*

- 4.1 None of our witnesses sought to suggest that London's railways are operating as well as they should, or could. As LTUC pointed out<sup>7</sup>, performance measures of reliability and service quality show a "clear downward trend for both London commuter and inter-city routes" which predates the Hatfield accident. This is reflected in LTUC's complaints caseload – national rail services generate around five times the numbers of complaints compared with London Underground, while carrying around two-thirds of the number of passengers. As the SRA pointed out to us, London has the worst overcrowding and the most outdated rolling stock in the network.
- 4.2 In their written evidence<sup>8</sup>, LTUC highlight eight aspects of rail services where problems are becoming manifest:
- Reliability: national rail trend information published by the SRA show that only 79.3% of London and south east operators' trains arrived at the terminus on time (77.5% in the peaks). On average, a daily commuter will arrive late on at least two out of their ten journeys each week.
  - Driver shortages: one operator has had to revise its timetable because it does not have enough drivers, while there are ad hoc cancellations by others for the same reason.
  - Short trains: overcrowding on trains with fewer carriages than demand would imply is a worsening problem.
  - Travel information: it is difficult to find the "London Connections" map showing tube and mainline rail routes displayed at stations or in leaflet form. In addition, this map gives no information about the widely varying service frequencies on different routes, or weekend services, unlike the Tube map, which often tells passengers everything they need to know.
  - Staff: some stations go unstaffed all day, even at peaks. This does not encourage use of the railways; particularly by those feeling themselves to be more vulnerable.
  - Integration and interchange: ensuring effective integration and interchange between mainline services and other modes is dogged by fragmentation of responsibilities between operators, the SRA, Railtrack, London Underground and Transport for London.

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<sup>7</sup> Memorandum LTUC, paragraph 13

<sup>8</sup> Memorandum LTUC, pages 4-7

- Fares and ticketing: integration of fares has proved as difficult as physical integration. While there is a comprehensible fare and ticketing framework for London Underground and TfL services, on mainline rail fares are set by operators with no coordination whatsoever. The result is that it is, for example, possible to have 36 different ticketing options for travelling between London and Gatwick Airport.
- Service frequencies: these differ widely, from what LTUC describes as “good (but often with weaknesses which significantly detract from their usefulness) to awful”<sup>9</sup>

4.3 In addition to these points, we are aware of the problems of staffing and industrial relations among train operating companies. On 16 January 2002, the Assembly heard from the National Union of Rail, Maritime and Transport Workers about the dispute involving South West Trains<sup>10</sup>. While we do not want to express a view on the details of the dispute (particularly as the company decided not to appear before us), it is fair to say that this revealed a discouraging picture of the state of industrial relations on the railways.

4.4 LTUC conclude that rail services in London are “inconsistent across the area and with no obvious justification for the differences. At worst they are downright inadequate in what they offer and shoddy in what they deliver”<sup>11</sup>. We would go further. Rail services in London are delivered in a way that takes little account of the needs of their users, with too little thought being given to the standard of service passengers should be entitled to receive or to the consistency of service delivery.

#### *What has gone wrong?*

4.5 We heard different accounts of the reasons for the decline in service quality. It does appear that services actually improved immediately before and for the first few years after privatisation<sup>12</sup>, with rising passenger numbers and freight volumes, new services and improvements in operational performance. In time, the increase in the number of passengers (rail travel is now at its highest level since the 1940s<sup>13</sup>) tested the limits of a network suffering from the effects of long-standing underinvestment, with an ageing infrastructure.

4.6 As a result, the network became over-stretched, and overcrowding and problems of reliability emerged. In addition, the post-privatisation organisational framework, based heavily around contractual relationships between the myriad companies and organisations concerned brought new problems of complexity and fragmentation, perverse incentives and unanticipated outcomes (to take two examples, Railtrack has no financial incentive to increase the number of services on the system, and operators do better financially if they cancel trains rather than run them late).

<sup>9</sup> Memorandum LTUC, paragraph 31

<sup>10</sup> Minutes of Evidence, London Assembly, 16 January 2002

<sup>11</sup> Memorandum LTUC, paragraph 43

<sup>12</sup> Memorandum Railtrack, page 2; Minutes of Evidence 21 January 2002, pages 19, 33 and 50

<sup>13</sup> Memorandum Railtrack, page 3

- 4.7 These problems were compounded by a lack of overall policy direction<sup>14</sup>. Until creation of the SRA, there were regulatory bodies, but no body with responsibility for strategic direction<sup>15</sup>. In addition, as Railtrack accepts, the role of the company with responsibility for the rail infrastructure was ill-defined, there was no asset information system and some issues about who held what information about assets were not made clear on privatisation. The culmination of these trends has been a noticeably poorer service for travellers, exacerbated by a lack of attention to the “softer” aspects of service, such as passenger information<sup>16</sup>.
- 4.8 These developments particularly affected London, which, as the SRA pointed out to us, has experienced many of the key capacity-related issues such as overcrowding, while also suffering from the oldest rolling stock. We also agree with witnesses from LTUC that in the past, attention has been focussed on rail services to and from London, at the expense of services within the city.<sup>17</sup>
- 4.9 In our view there is no single cause of the problems now being faced on the railways, but rather a combination of factors that have interacted to lock the system into a spiral of decline:
- Financing: As commentators like Christian Wolmar<sup>18</sup> have pointed out, since the Second World War, the railways have suffered from inconsistent investment. In their evidence to us, Railtrack referred to the effects of long-term underinvestment in the infrastructure, and the scale of investment needed to bring the condition of the network to a standard appropriate to sustain services in the long-term. New issues arising from the post-privatisation framework have added to these long-term problems. The new financial framework does not sufficiently incentivise all those concerned in rail services to focus on improving services to the public (to take one example referred to by LTUC<sup>19</sup>, the reducing level of subsidy to TOCs over the life of a franchise, taken with the fixing of track access charge, mean that companies can only look to staffing to save costs).
  - Strategic Direction: Until recently, there has been a lack of strategic direction for rail services, as LTUC pointed out to us, compounded by a “light touch” regulatory framework focussing on ensuring competition. Given the fragmentation of the industry, and the complexity of the issues involved, it is clear to us that a firm sense of direction is vital.
  - Complexity: As shown above, there are now many organisations and companies involved in providing rail services. The many, complex relationships between them are governed by contracts that do not

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<sup>14</sup> Memorandum Railtrack, page 3

<sup>15</sup> Minutes of Evidence 21 January 2002, page 41

<sup>16</sup> Minutes of Evidence 21 January 2002, page 49

<sup>17</sup> Minutes of Evidence 21 January 2002, page 52

<sup>18</sup> Christian Wolmar, “Broken Rails – How Privatisation Wrecked Britain’s Railways” ( 2001), chapter 3

<sup>19</sup> Minutes of Evidence 21 January 2002, page 50

always work in the way anticipated. We are left wondering whether the effort expended in making these arrangements work might not have been at the expense of focussing on service quality and meeting the needs of the travelling public.

From this, we have identified a number of key criteria that need to be borne in mind in considering proposed changes to the current arrangements if sustainable improvements are to be made:

- There is a need for guaranteed long-term investment in the system
- There is a need for clear strategic direction for rail services nationally
- There should be no avoidable increase in the complexity of the system; if possible, arrangements should be made simpler, with fewer players and inter-relationships, rather than more
- There should be a focus on the quality and level of service provided to users, rather than on the internal arrangements within and between those tasked with providing them
- There needs to be greater attention paid to what might be termed the “softer” aspects of service delivery to support this customer focus.

4.10 We were reassured to some extent that publication of the SRA’s Strategic Plan demonstrated that there is a programme for investment in the system, and that much-needed direction is beginning to be given to rail services.

## **KEY RECOMMENDATION A**

### **Recommendation 1**

Any proposals for change to the current institutional arrangements for mainline rail services and any guidance issued by the Mayor of London must take account of the need:

- To guarantee consistent, long-term investment in services for London
- To ensure that clear, strategic direction is given for rail services in London
- To avoid further complexity and, where possible, to simplify the current arrangements for services in London
- To focus on quality and consistency of services to users
- To give greater attention to customer care

#### *Railtrack*

- 4.11 We were keen to establish what implications the placing of Railtrack in Railway Administration has for Londoners. We were reassured to hear both from Railtrack<sup>20</sup> and from Transport for London<sup>21</sup> that this is not having a direct effect on day-to-day services. TfL suggest however that it is having an inhibiting effect on progression of approval for new projects, especially those relating to franchises at preferred bidder stage which all cover London services. We agree with TfL that it is a matter of real concern that long-overdue improvements to the network crucial to the prosperity of London are being further delayed, and that the problems of the railway can only be exacerbated by the uncertainty about the future ownership, structure and ownership of Railtrack. We urge the Government to resolve the position as rapidly as possible.
- 4.12 Although the SRA explained their part in the establishment of the Company Limited by Guarantee that is preparing a bid for Railtrack's assets and role, we did not set out to explore all the options for taking Railtrack out of administration. We did consider the idea put forward by some train operating companies that TOCs should take on responsibility for the track and stations they use, but agree with Railtrack<sup>22</sup> that the pressures on the network and the fact that little of it is used by only one TOC makes this impractical, and that there will continue to be a need for national coordination of the rail infrastructure. Succeeding paragraphs deal with the ideas put forward by Transport for London.

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<sup>20</sup> Minutes of Evidence, January 21 2002, page 37

<sup>21</sup> Memorandum Transport for London, page 2

<sup>22</sup> Minutes of Evidence, January 21 2002, page 38

## **Recommendation 2**

The Government should resolve the current uncertainty about the future of Railtrack, its role and assets as speedily as possible. There should continue to be national coordination of the rail infrastructure.

### *A transit authority for London?*

- 4.13 The Mayor's Transport Strategy referred to the idea of Transport for London becoming a transit authority for London, by taking on responsibilities similar to, but stronger than, the PTEs in metropolitan areas<sup>23</sup>.
- 4.14 The idea was fleshed out by the TfL Transport Commissioner in giving evidence to the House of Commons Transport Sub-Committee's inquiry into rail passenger franchising last October.<sup>24</sup> TfL have further refined the concept since then.
- 4.15 TfL now propose the creation of a new commuter rail authority (CRA) for London, which would either form part of Transport for London, or be a separate body sponsored jointly by the SRA and TfL. As explained by TfL<sup>25</sup> in their written and oral evidence, the CRA would have responsibility for:
- Franchising: setting service levels and performance and working towards a simpler, more effective franchise structure.
  - Infrastructure: the CRA would jointly own the rail infrastructure in London with the SRA
  - Rolling stock: the CRA would own (or lease) the necessary rolling stock for London services, procured to specifications drawn up with London's particular needs in mind
  - Integration: the CRA would ensure delivery of rail services integrated with other modes of public transport, with common fares, marketing and ticketing
  - Freight: developing an agreed policy on rail freight to and through London
  - Accountability and best value: take an overview to make sure that best value is secured across all public transport services in London, within a framework that enables effective accountability to Londoners.

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<sup>23</sup> Mayor of London, "The Mayor's Transport Strategy", 2001

<sup>24</sup> Memorandum Transport for London, Annex 2

<sup>25</sup> Memorandum Transport for London, pages 6-7; Minutes of Evidence January 21 2002, page 14

4.16 In giving oral evidence, TfL's Managing Director, Rail Services, summarised the benefits of this approach in terms of:

- Enabling integration across all modes
- Enabling common information about, and marketing of public transport services
- Establishing and delivering common service standards.

He stressed that a new authority would enable a degree of control and focus on service delivery that the current cooperative arrangements with the SRA might not. He also suggested that it was possible that a CRA model could come about over time as an evolution of the current arrangements with the SRA<sup>26</sup>.

4.17 The idea of a new authority is one that does not find favour with either the SRA<sup>27</sup> or ATOC.<sup>28</sup> They question whether creation of a new authority would have the benefits suggested. In summary, the case against a CRA is as follows:

- There are very few rail services that are solely London-based
- London is at the heart of the national rail network, and is used by freight and regional, long-distance and international passenger services as well as local ones. Management of London's railways can never be simply a matter for London
- London's travel to work area extends beyond the Greater London boundary. To be viable, a CRA would need responsibility for an area wider than London's boundaries
- The need for improvement is urgent, and cannot await the passage of the legislation establishment of a CRA would require
- Creation of a new authority would introduce unnecessary uncertainty, at a time when stability is important
- Both TfL and the SRA are comparatively new organisations, and the developing cooperative structures should be allowed time to mature and deliver
- Most of the benefits urged for a CRA can be delivered through the cooperative arrangements now being put in place.

4.18 Our starting point in assessing TfL's proposals is the same as that urged by LTUC. First, it is service delivery and quality that counts, not who provides or regulates it. Secondly, whoever does provide it can only do so if they have the resources – including adequate trained staff – to deliver. We also want to learn from the

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<sup>26</sup> Minutes of Evidence 21 January 2002, page 61

<sup>27</sup> Memorandum Strategic Rail Authority, pages 7-8

<sup>28</sup> Memorandum Association of Train Operating Companies, pages 1-6

experiences (and mistakes) of the past, which are described in paragraph 3.9 above.

- 4.19 We take the view that the cooperative arrangements between TfL, the SRA and other stakeholders should be given time to be put properly in place and to deliver the improvements London so badly needs. After all, the Mayor has yet to issue guidance and directions to the SRA or to produce the Rail Plan mentioned in his Transport Strategy<sup>29</sup>, scheduled for later this year.
- 4.20 Our view is strengthened by consideration of the ability of TfL in the short- to medium term to take on this kind of responsibility. Transport for London will presumably be taking on responsibility for the London Underground during the coming year, and we consider that this is likely to demand the attention of the organisation's senior management and corporate legal, financial and other capacity. It also became clear to us during the oral evidence we heard that any organisation intending to take a lead role in the promotion of major rail infrastructure schemes would have to have substantial resources to deploy to lever in private sector finance. It is unlikely TfL would have access to resources of this order in the immediate future.
- 4.21 The SRA's written submission sets out an ambitious work programme for these joint arrangements, including:
- Continued work on major projects like Crossrail (through the newly established joint company Cross London Rail Links Ltd.), the East London Line extensions and improved inner suburban orbital services (Orbirail)
  - Promotion of rail freight in London
  - Production of a Rail Plan for London
  - Progressing a number of interchange projects, facilitating passengers moving between rail and other public transport modes
  - Improving fare integration and work on fares policy, overcrowding and capacity allocation
  - Working with other stakeholders to take forward implementation of the South London Metro concept.<sup>30</sup>

The SRA also pointed to some short- to medium-term initiatives for London, intended to bear fruit by the end of 2004:

- Replacement of slam-door rolling stock

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<sup>29</sup> Mayor of London, "The Mayor's Transport Strategy", 2001, paragraph 4E.16

<sup>30</sup> Memorandum Strategic Rail Authority, pages 6-7

- A 40 million pound Rail Performance Fund, to support improvements to infrastructure linked to service delivery (such as track, signalling and information systems)
- Eleven fairly small-scale rail freight projects.<sup>31</sup>

ATOC also emphasised the efforts being made by their members within the existing structures, particularly improving and replacing rolling stock, improving staff skills and organisational arrangements

4.22 These are welcome, as far as they go. But it is a wholesale improvement in service that is needed, and these can only be a start. There is also a need for substantial progress in development and implementation of initiatives key to developing London's public transport infrastructure, like the South London Metro and Orbirail. We can see how these projects might pose some quite difficult issues for the various partners involved in the cooperative arrangements (around infrastructure and franchising, for example). How these are tackled and resolved will be key measures of the success of the partnership approach. Transport for London and the Strategic Rail Authority should set – and publicise – targets and other indicators of success against which the success of the arrangements can be assessed.

4.23 We do not believe that at present, the advantages of a major change of the kind advocated by TfL would outweigh the disadvantages outlined by those appearing before us, and the caveats against further uncertainty, fragmentation and complexity we make in paragraph 3.9 above. We are not, however, hostile to the idea in principle. We draw attention elsewhere to the urgency of securing real service improvements for Londoners, and the scale of the task involved. The new cooperative structures cannot be allowed an indefinite time to prove themselves. If measurable service improvements are not delivered within a reasonable time (and certainly by the end of the current mayoral term), we consider that radical structural change should be made. We believe the CRA concept should be kept in reserve as a backstop, should the current cooperative arrangements not deliver.

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<sup>31</sup> Minutes of Evidence 21 January 2002, page 17

**KEY RECOMMENDATION B****Recommendation 3**

We do not consider that the case has been made for immediate creation of a commuter rail authority. Instead, the cooperative arrangements that have been put in place involving the Mayor, Transport for London, the Strategic Rail Authority and others should be given time to work. However TfL and the SRA should agree and publish the criteria by which the success of these arrangements can be measured and judged. If they do not produce measurable improvement against those tests over a reasonable timescale, and certainly before the end of the current Mayoral term, the idea of a new authority will need to be revisited.

One of the key tests will be delivery of intra-London rail mass transit services, such as the South London Metro and Orbirail. The Mayor should spell out for Londoners how he will help deliver these schemes.

- 4.24 One issue that is of concern to us is the degree of accountability possible under the cooperative arrangements described above. In giving evidence to us, the SRA emphasised that their line of accountability was to Ministers, and through them to Parliament<sup>32</sup>. We believe that Londoners would expect those they elect specifically to represent their interests (both the Mayor and the Assembly) should be able to scrutinise effectively decisions being taken about a form of transportation so crucial to their well-being and that of their city.

**Recommendation 4**

It should be understood and accepted by Government and the Strategic Rail Authority that the Mayor and Assembly are entitled to hold all those involved in providing mainline rail services in London formally to account. Discussions should start between the GLA and the Department of Transport, Local Government and the Regions to ensure effective scrutiny arrangements are out in place.

- 4.25 Should the time comes when a new authority does have to be considered, particular attention would have to be given to the boundary of the area a CRA would deal with, and arrangements for services crossing it. LTUC produced some very helpful figures demonstrating that only 24% of trains starting or terminating in London run wholly within Greater London, with the remaining 76% running outside. The area covered by LTUC (shown on page 3 of their written submission), based on that of the 1933 London Passenger Transport Board, might be a good starting point, but thought needs to be given to how the interests of travellers within the CRA area, but outside Greater London, would be represented on any

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<sup>32</sup> Minutes of Evidence, 21 January 2002, page 21

new authority. Whichever boundary is chosen, we agree with LTUC<sup>33</sup> that the situation that has existed in some metropolitan areas, where there is a noticeable deterioration of services at the boundary must be avoided. The question of managing services that would cross a CRA border is probably one that will raise particular doubts about the proposal as a whole among members of the travelling public, and will have to be dealt with robustly and convincingly.

- 4.26 Careful thought would also have to be given to the way in which a CRA would be governed. While we strongly approve of increasing accountability, and most of those we heard from expressed generally favourable views about the PTA/PTEs in metropolitan areas, we heard suggestions that undue political influence may have led to inappropriate schemes in some places (debates about issues like the suggested listing of Bishopsgate Goods Yard, which might impede the East London Line extension project raise similar concerns).<sup>34</sup> This is a difficult issue, but clearly an appropriate balance would have to be struck between political direction and technical input. A CRA would require very high calibre professional staff.
- 4.27 TfL's Managing Director, Rail Services, emphasised the importance of public/private partnerships to fund and implement major rail schemes<sup>35</sup>. A CRA would have to be given the powers and resources to set up, and enter into, partnerships of this kind. The Mayor does not have available to him resources of the order required to give him the degree of influence needed at present. Nor should a CRA be restricted by the very cumbersome local government finance system, which we are aware from Assembly scrutiny of TfL's budget has impeded development of projects like the Docklands Light Railway extension to City Airport. These questions have to be seriously faced by the Government, the Mayor and TfL, and others involved if the CRA proposal is to be taken any further.

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<sup>33</sup> Memorandum LTUC, paragraph 76

<sup>34</sup> Minutes of Evidence 21 January 2002, page 5

<sup>35</sup> Minutes of Evidence 21 January 2002, page 7

**KEY RECOMMENDATION C****Recommendation 5**

Transport for London should review, define and publish their approach to partnership working (and a possible future commuter rail authority) in particular regarding:

- The boundary within which the partnership should operate
- How the partnership will operate and be held to account
- How finance will be directed to and through the partnership
- The appropriate powers for partnerships with the private sector.

*Resources*

4.28 The question of resources is inevitably one of the trickiest. We gave considerable thought to the question of whether the experience of Passenger Transport Executives could teach us anything in London. A more detailed examination of this issue is required. However, it is clear that the purchasing (and consequent branding) powers of PTEs are fundamental to their operation. It is obvious that for the Mayor and Transport for London to exercise real power over rail services in London, either finance will need to be directed through Transport for London or influence over the allocation of Government and other financial resources will need to be secured by Transport for London. The Mayor needs to address urgently this issue if he is to be able to issue directions of real additional value for London.

4.29 It is important to emphasise that this is a complex and highly important, yet politically very challenging area for the Mayor and Transport for London in a world of limited resources. There is a range of different scenarios in which Londoners may need their Mayor to become financially committed to rail in London. For each of these, the Mayor and Transport for London will need to identify an approach to intervention. This will include both capital and potentially ongoing revenue involvement. It will include for example the procurement of major rail infrastructure such as new lines but also the possible procurement of minor rail infrastructure improvements, for which City funded special purpose vehicles may not be appropriate. Transport for London and the Mayor need to also explore the potential relationship between them and franchise agreements. Finally, the use of funding for added-value schemes such as station and interchange improvements and safety schemes, designed to aid the regeneration of the railway, will need to be considered if Transport for London's involvement is to be serious. All of this may require making a call on the grant paid by the Government to Transport for London. There are, of course, other priorities for this, reflected in TfL's Budget and Business Plan, and it may be that the Mayor will have to enter into discussions with Government about the size of this grant, and how it is to be deployed in future.

4.30 Our Transport for London witness also suggested that thought should also be given to ways of capturing an appropriate proportion of increased land values due to developments enabled by provision of new transport infrastructure<sup>36</sup>. We agree that this is worthy of examination, although noting that it would only be likely to cover major schemes and capital works. It begs a larger question about the financial relationship between TfL/the Mayor and the rail system, on which little has yet been said by TfL.

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<sup>36</sup> Minutes of evidence, 21 January 2002, page 7

**KEY RECOMMENDATION D****Recommendation 6**

As regards finance, TfL and the Mayor need to explain what potential resources will be available through TfL/the GLA for the partnership. Their proposals need to include mechanisms for:

- The funding of both capital and ongoing revenue commitments.
- The procurement of major rail infrastructure such as new lines but also the possible procurement of minor rail infrastructure improvements
- The potential relationship between the Mayor/TfL and franchise agreements.
- The use of funding for added-value schemes such as station and interchange improvements and safety schemes

The Mayor should consider the extent to which the Government's grant to Transport for London should be used for this purpose, and whether there should be discussions with Government about the extent and use of this grant.

- 4.29 Giving the cooperative arrangements more time to work would also give Transport for London more time to refine their ideas, and we would recommend that they consider the whole range of alternative models that could be adopted (including those used in other British metropolitan areas). They will also need to take into account that most of the key stakeholders are either hostile to the idea (SRA and ATOC) or agnostic (Railtrack, LTUC). It may be that Government's willingness to legislate would be conditional upon achieving consensus.
- 4.30 The evidence we have heard suggests there is substantial scope for evolution within the cooperative arrangements now in place. We urge the Mayor and TfL to explore the scope for achieving as many as possible of their objectives within this framework. In particular, the idea of the Mayor being a signatory of franchise agreements should be explored. This would enable him to ensure that the franchise process is used to drive up performance (see below), and to secure delivery of initiatives important to London, such as the South London Metro, particularly as a number of key franchises are coming up for re-letting (listed on page 10 of the SRA's memorandum). The Mayor and TfL could also add value to the process by drawing on their experience of the review of bus franchising in London last year.
- 4.31 We recognise that this is not a proposal that will be welcomed by the train operators. When they appeared before us, ATOC suggested that introducing another party to the franchising process would not add value to the existing process administered by the SRA and would slow down the delivery of improvements. We disagree. As LTUC argue, there is a need for a focus on the quality of service to the rail user that is missing now, and the involvement of the

Mayor may help focus attention on this. This process of joint signature is similar to that in the metropolitan areas, where it appears to work well.

### **Recommendation 7**

The Mayor and Transport for London should explore the extent to which their objectives can be attained within the current cooperative arrangements for rail services in London. In particular, consideration should be given to the Mayor becoming a signatory to franchise agreements for rail services in London. They should also consider all the alternative models for managing rail services adopted in this country and abroad, and seek to build a consensus among all stakeholders about the appropriate way forward.

#### *Service quality standards*

- 4.32 Although there is nothing in the list of projects to be undertaken by TfL and the SRA in paragraph 3.19 with which we would disagree, we are concerned that little account appears to be being taken of the need to institute a step change in the standard of service experienced by rail passengers across all aspects of the rail journey. This means both an improvement in quality, and ensuring this is delivered consistently. It is essential that an appropriate balance be struck between the development of major new schemes and the customer focus we strongly believe needs to be a key priority.
- 4.33 We agree with LTUC<sup>37</sup> that a statement of customer service delivery standards should be published for mainline rail services. London Underground has published a document of this kind, setting out the level and quality of service to be delivered across all aspects of a journey on the system, from the station environment, through ticketing to information and the cleanliness of trains<sup>38</sup>. This states clearly what kind of service passengers ought to expect, with an emphasis on simplicity, consistency and high quality. We commend this approach, and would urge the Mayor to require production of such a statement in his formal Direction to the SRA. He could usefully look at the SQUIRE approach used in the metropolitan areas, linking payment to performance (see paragraph 2.2 above).
- 4.34 The standards set out in a document of this kind should also be used as the basis for future franchise agreements. Agreements should also set out performance indicators linked to the quality standards, and should require TOCs to publish performance data on a quarterly basis to enable monitoring by the GLA, TfL, LTUC, other interested organisations and, most importantly, the travelling public.
- 4.35 These standards should include provisions dealing with the travelling environment. While clearly issues of train reliability and levels of service are the key, the

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<sup>37</sup> Memorandum LTUC, page 13

<sup>38</sup> Memorandum of London Underground Limited to the London Assembly's "Better Tube" scrutiny, page 8

importance of a welcoming, safe environment should not be underestimated, if more people are to be encouraged to use the railways. Too much of the rail network now can feel threatening to more vulnerable travellers.

- 4.36 If they are to have credibility with the travelling public, it is important that those representing rail users should be fully involved in the preparation of these standards. We urge TfL and the SRA to ensure that LTUC and the Assembly itself are consulted at an early stage in drawing them up.

**KEY RECOMMENDATION E****Recommendation 8**

The Mayor, Transport for London, the Strategic Rail Authority and other key stakeholders should prepare a statement of customer service delivery standards for mainline rail services in London. Rail user groups should be fully involved in preparing this statement, which should cover all aspects of service to the passenger, including the travelling environment. This statement should be used as the basis of future franchise agreements, and for performance monitoring. Consideration should be given to use of the service quality incentive regime used by some passenger transport executives in other metropolitan areas.

*Interchanges and integrated ticketing*

- 4.37 LTUC expressed concern about the way in which issues relating to interchanges between railways and other modes are handled, because of the differences in funding, business planning and approaches of the multiplicity of parties involved. They gave as an example the difficulties involved in improving interchange at West Hampstead.<sup>39</sup> Members of the Committee are aware of other places where interchange is an issue, whether between rail and other modes or between mainline rail routes (such as at Hackney Downs / Hackney Central or Walthamstow Central and Walthamstow Queen's Road). Effective interchange is critical to improving public transport in London, and we regard tackling this as a key indicator of the success of the cooperative arrangements. We recommend that the Mayor and TfL should promote the importance of this with the SRA and other stakeholders.
- 4.38 We also agree with LTUC that it is undesirable that there should be multiple fare options for travel between two points. While we note the point made by ATOC that this is a product of competition<sup>40</sup>, which can also deliver lower fares, we believe that it does nothing to promote use of the railways. Again, we would urge the Mayor to direct the SRA to move towards fare standardisation in future franchise agreements.

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<sup>39</sup> Minutes of Evidence 21 January 2002, page 53

<sup>40</sup> Minutes of Evidence 21 January 2002, page 34

**KEY RECOMMENDATION F****Recommendation 9**

Key features of an integrated transport system are fully coordinated ticketing and interchange. As part of the directions and guidance to be issued, the Mayor and Transport for London should:

- Direct the Strategic Rail Authority to move towards fare standardisation for rail services in London, and greater fare integration with other transport modes, in future franchise agreements.
- Set clear targets for the better physical integration of rail with other transport modes in London.

*Staffing issues*

4.39 Critical to the delivery of consistent, good quality rail services is the availability of well-trained, well-motivated staff. From what we have heard from LTUC, and in connection with the South West Trains dispute, we consider that this is an area that needs to be given greater priority across the industry. These are issues that TfL Surface Transport have considered as part of their review of bus tendering, and we consider that this experience could usefully be drawn upon in preparing strategies to attract staff to work on the railways, and in training.

**Recommendation 10**

All concerned in the rail industry and provision of rail services should give greater priority to staffing, training and industrial relations issues. Transport for London should make their experience of looking at questions of this kind in their review of bus franchising available.

*Taking things further*

4.40 The Committee recommends that the Mayor should take account of the issues raised in this report in framing his Direction and Guidance to the SRA. These must be at the centre of the cooperative arrangements, and should now be produced as quickly as possible. We recommend that the Assembly should have the opportunity to review and comment on them before they are formally issued.

**KEY RECOMMENDATION G****Recommendation 11**

The Mayor should urgently move towards the production of his Directions and Guidance to the Strategic Rail Authority. In doing this we believe he would be well advised to take account of the issues raised and recommendations in this report, and in particular our Key Recommendations.

The Assembly would expect have the opportunity to see and comment on drafts of the Direction and Guidance before they are issued.

- 4.41 The Committee will ask Transport for London to keep it informed of progress in the issues highlighted in this report, particularly preparation of the Mayor's statutory Direction and Guidance, and of the London Rail Plan. We will be monitoring developments closely, not least to see whether the kinds of improvements that London and Londoners need materialise. To this end, we recommend that Transport for London should establish baseline data to enable monitoring of achievement of the recommendations in this report.

**Recommendation 12**

The Assembly should keep the progress of the Mayor, Transport for London and other stakeholders on the issues highlighted in this report under review. Transport for London should establish baseline data to enable monitoring.

The Committee should hold a follow-up meeting in twelve months' time to review progress.

- 4.42 The need for improvement is now urgent. In this report we have tried to highlight the most important issues that have to be tackled. But the credibility of the railways is now at stake, and if confidence is to be rebuilt, it will be important to identify and implement some short term improvements to demonstrate the will and ability to change things for the better exists.
- 4.43 We believe that this is the last chance for the present system to show it can work. An effective rail service is critical to the success of London, and its continued vitality. If things do not improve, the case for more radical change will be unanswerable.

## 5. SUMMARY OF RECOMMENDATIONS

This section of the report lists our recommendations. Where it is not obvious from the recommendation itself, the individuals or organisations to whom each is directed are identified. Some of these recommendations address fundamental issues of principle. In the text of the report, these have been identified as “key recommendations”. Here they are shown in bold

### ***Recommendation***

1. **Key Recommendation A: Any proposals for change to the current institutional arrangements for procuring and delivering mainline rail services and any guidance or directions issued by the Mayor of London must take account of the need:**

- **To guarantee consistent, long-term investment**
- **To ensure that clear, strategic direction is given for rail services in London**
- **To avoid further complexity and, where possible, to simplify the current arrangements for services in London**
- **To ensure a greater focus on the quality and consistency of services to passengers**
- **To give greater attention to customer care**

*(addressed to the Government, the Mayor and Transport for London and the Strategic Rail Authority)*

2. The Government should resolve the current uncertainty about the future of Railtrack, its role and assets as speedily as possible. There should continue to be national coordination of the rail infrastructure.
3. **Key Recommendation B: We do not consider that the case has been made for immediate creation of a commuter rail authority for London. Instead, the cooperative arrangements that have been put in place involving the Mayor, Transport for London, the Strategic Rail Authority and others should be given time to work. However, TfL and the SRA should agree and publish the criteria by which the success of these arrangements can be measured and judged. If they do not produce measurable improvement against those tests over a reasonable timescale, the idea of a new authority will need to be revisited.**

**One of the key tests will be delivery of intra-London rail mass-transit services, such as the South London Metro and Orbirail.**

*(addressed to the Government, the Mayor and Transport for London, the Strategic Rail Authority, Railtrack and the Association of Train Operating Companies)*

4. It should be understood and accepted by Government and the Strategic Rail Authority that the Mayor and Assembly are entitled to hold all those involved in providing mainline rail services formally to account. Discussions should start between the GLA and the Department of Transport, Local Government and the Regions to ensure effective scrutiny arrangements are put in place.
5. **Key Recommendation C: Transport for London should review their relationship to partnership working (and a possible future commuter rail authority), in particular regarding:**
  - **The boundary within which the partnership should operate**
  - **How the partnership will operate and be held to account**
  - **How finance will be directed to and through the partnership**
  - **The appropriate powers for partnerships with the private sector**
6. **Key Recommendation D: As regards finance, TfL and the Mayor need to explain what potential resources will be available through TfL/the GLA for the partnership. Their proposals need to include mechanisms for:**
  - **The funding of both capital and ongoing revenue commitments**
  - **The procurement of major rail infrastructure such as new lines, but also the possible procurement of minor rail infrastructure improvements**
  - **The potential relationship between the Mayor/TfL and franchise agreements**
  - **The use of funding for added-value schemes such as station and interchange improvements and safety schemes**

**The Mayor should consider the extent to which the Government's grant to Transport for London should be used for this purpose, and whether there should be discussions with Government about the extent and use of this grant.**

7. The Mayor and Transport for London should explore the extent to which their objectives can be attained within the current cooperative arrangements for rail services in London. In particular, consideration should be given to the Mayor becoming a signatory to train operating franchises for services in London. They should also consider all the alternative models for managing rail services adopted in this country and abroad, and seek to build a consensus among all stakeholders about the appropriate way forward.
8. **Key Recommendation E: The Mayor, Transport for London, the Strategic Rail Authority and other key stakeholders should prepare a statement of customer service delivery standards for mainline rail services in London. Rail user groups should be fully involved in preparing this statement, which should cover all aspects of service to the passenger, including the travelling environment. This statement should be used as the basis for future franchise agreements, and for performance management. Consideration should be given to use of the service quality incentive regime used by some passenger transport executives in other metropolitan areas.**
9. **Key Recommendation F: Key features of an integrated transport system are fully coordinated ticketing and effective interchanges. The Mayor and Transport for London should:**
  - **Direct the Strategic Rail Authority to move towards fare standardisation for all services in London, and greater fare integration with other modes in future franchise agreements**
  - **Set clear targets for the better physical integration of rail with other transport modes in London**
10. All concerned in the rail industry and provision of rail services should give greater priority to staffing, training and industrial relations issues. Transport for London should make their experience of looking at issues of this kind in their review of bus franchising available.

*(addressed to Transport for London, the Mayor, the Department of Transport, Local Government and the Regions, the Association of Train Operating Companies and its individual members, Railtrack, the rail and transportation trade unions and companies and trade associations involved in rail services)*

11. **Key Recommendation G: the Mayor should move urgently towards the production of his Directions and Guidance to the Strategic Rail Authority, In doing this we believe he would be well advised to take account of the issues raised, and recommendations in, this report, and in particular our Key Recommendations.**

**The Assembly should have the opportunity to see and comment on drafts of the Direction and Guidance before they are issued.**

- 12.** The Assembly should keep the progress of the Mayor, Transport for London, and other stakeholders on the issues highlighted in this report under review. Transport for London should establish baseline information to allow monitoring.

The Committee should hold a follow-up meeting in twelve months.