

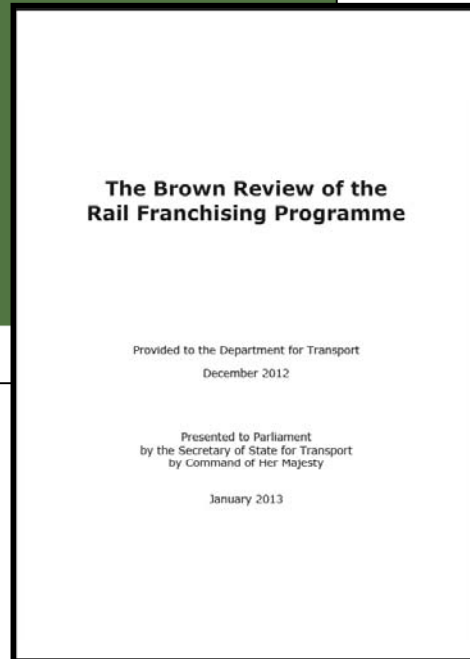
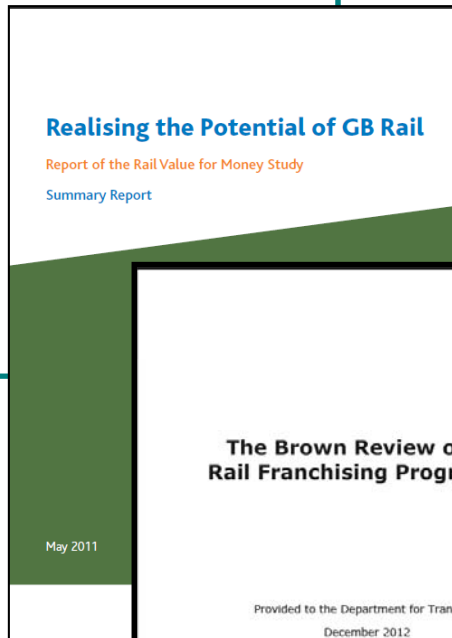
# The Mayor's proposals for rail decentralisation



London TravelWatch  
7 May 2013



# Rail franchise reform and devolution are both under active study by the DfT



- McNulty asked how to get a better railway for less so it can “earn a licence to grow”
- Existing franchising policy sets out a move towards longer franchises and less prescription by DfT, more commercial freedom for TOCs
- DfT consultation on ‘rail decentralisation’, now a DfT/TfL working group
- Series of franchise renewals forthcoming
- Ever more complex franchising process under pressure
- Laidlaw and Brown reports



## The new consensus that there is no one franchise model that fits all circumstances



- The purpose of longer, less prescriptive franchises is to improve TOCs' incentives to invest and value for money
- For some London routes, commercial incentives will always be weak
- Longer-distance services tend to have much stronger incentives
- Inner suburban routes relatively neglected
- Yet these 600+ million trips are key to wider transport and economic objectives

## We are trying to persuade Ministers that devolution helps both DfT and TfL

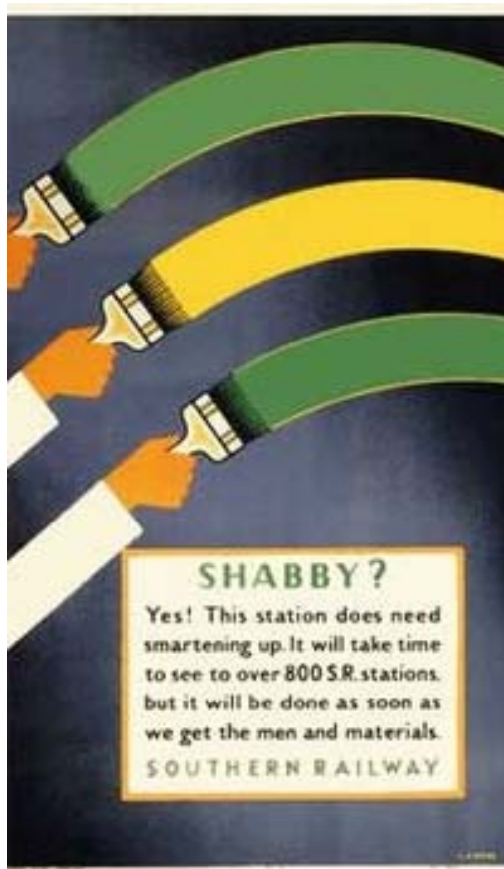


- Wide variation in quality as measured by National Passenger Survey
- TfL model means operators' income is determined by performance, under direct control
- DfT's model requires the private sector to take control of range of macro-economic and fares factors
- Often DfT franchises are heterogeneous in nature, a reason for their complexity
- Status quo has lost credibility
- Rail devolution consistent with the broader localism agenda





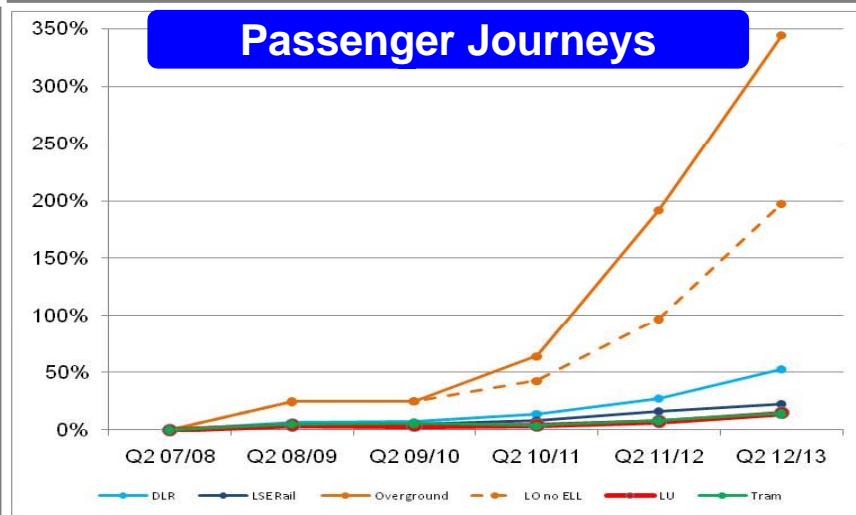
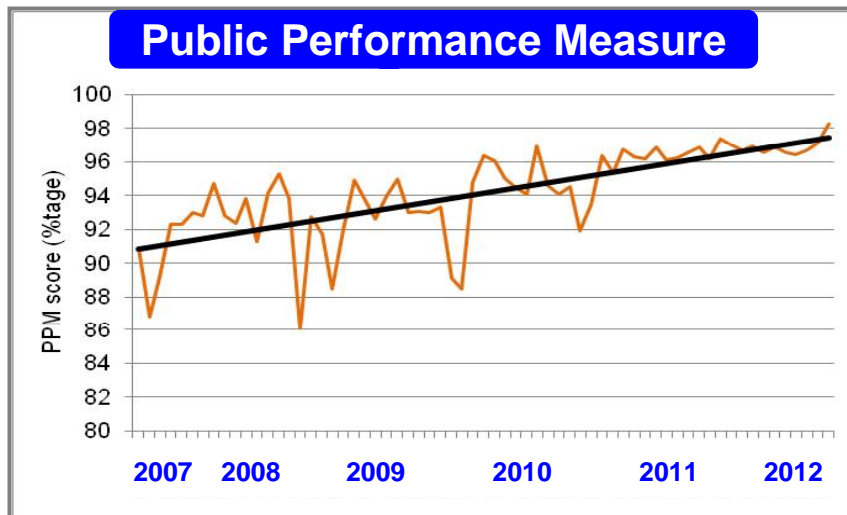
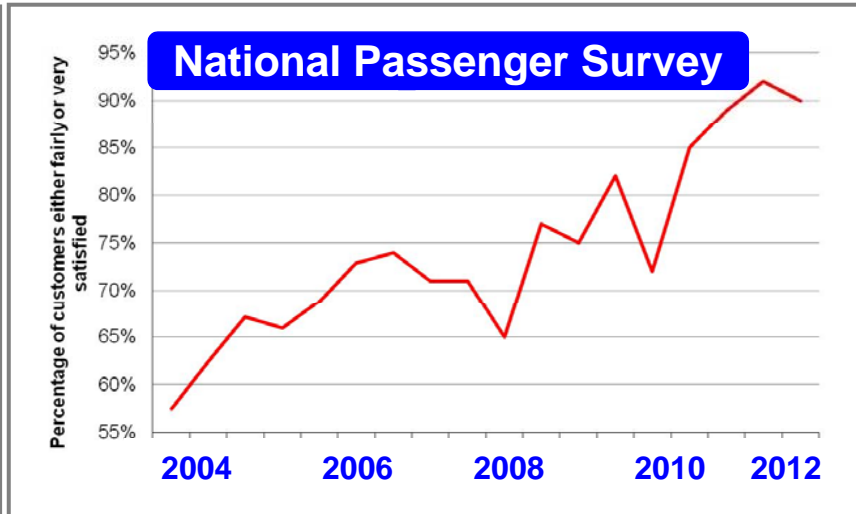
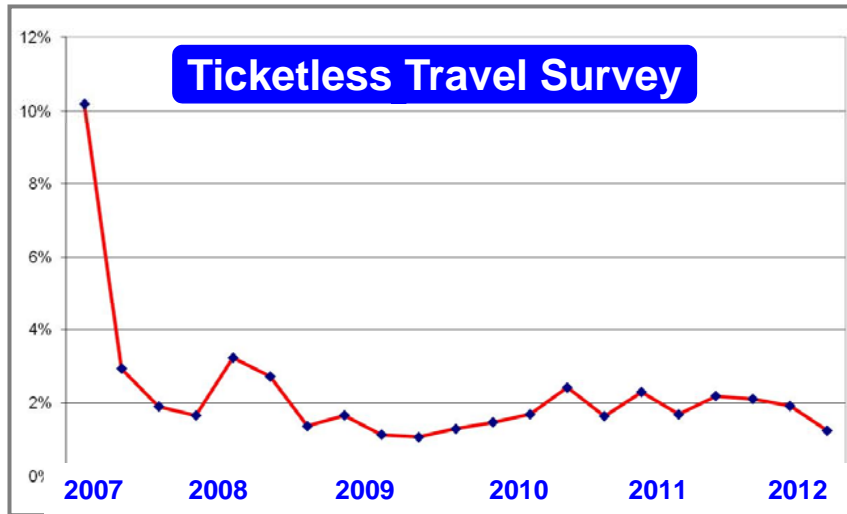
## The economic case offers good value for money



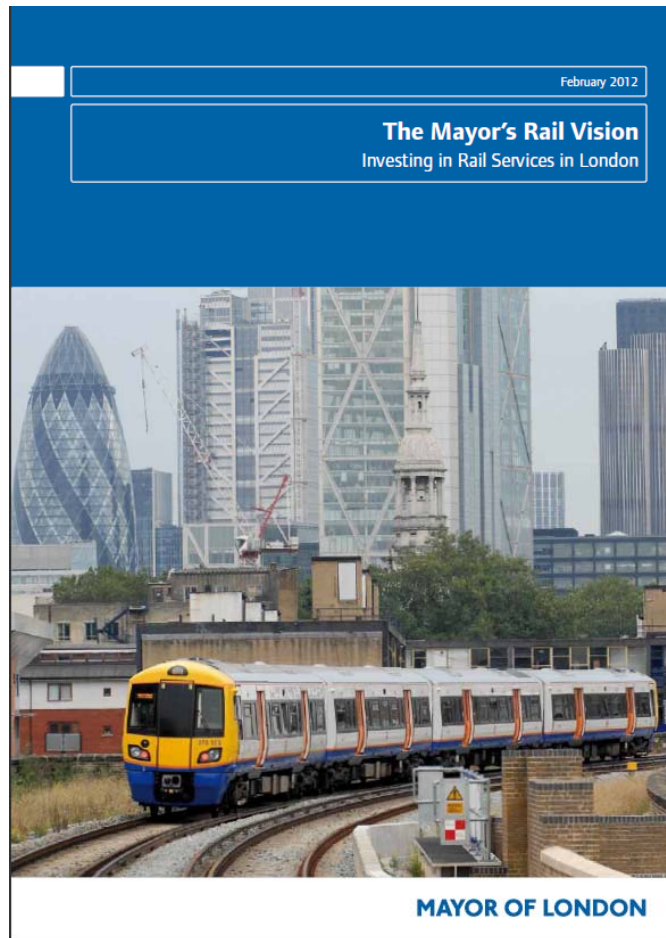
- DfT's case says this is financially positive
- Passenger benefits in the form of improved reliability, additional services, and better stations
- This is funded from:
  - generated revenue arising from higher service quality
  - savings from TfL's 'gross cost' contracting
  - reduced fare evasion from better incentivisation and monitoring
  - TfL's own business plan, now budgeted
- No financial 'ask' of Government
- Written up in HMT "five-case" format



# Look what devolution has achieved on the London Overground...



# TfL has worked through the detail with relevant operators and DfT



- Geography and routes
  - Anglia = Cheshunt, Enfield Town, Chingford
  - SeR = Sevenoaks, Hayes, Dartford)
- Draft programme through to 'operational separation' and transfer
- Allocating scarce capacity
  - Regular timetable
  - Planned and unplanned disruption
- Dividing resources
  - Management, staff resources
  - Rolling stock
  - contracts
  - Critical path items

## The “frequently asked questions” often focus on the ‘out-boundary’ impacts of devolution



1. Do users outside London and freight operators lose out as London rail capacity is scarce?
2. What restitution is there for rail users living outside of London (yet having to be users of the Mayor's rail services)?
3. Will fares rise and ticket validity be cut?
4. Will 'fragmentation' add to costs?
5. Will long-distance franchises remain viable?



**Officials have worked through the practicalities,  
though the decision is the Secretary of State's**



- Detailed feasibility and business case work with incumbent operators
- The Mayor has this as a top priority
- There are expressions of support from business, passenger groups, Assembly, Boroughs, rail industry
- TfL has demonstrated it has the skills, knowledge and experience
- The timing of future franchise renewals now known, along with procurement deadlines
- Plausibly Anglia and Southeastern metro services transfer in summer 2015



## Questions?



More detail available in the  
Mayor's *rail vision*  
document on the web at:

[http://www.london.gov.uk/  
sites/default/files/mayors-  
rail-vision-2012-final.pdf](http://www.london.gov.uk/sites/default/files/mayors-rail-vision-2012-final.pdf)

