

Making change
happen

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Making change happen

- 6.1.1** The Secretary of State announced the rail review in January this year. In the following months, the Department for Transport received numerous submissions from those involved in providing rail services, from their customers and from other bodies. We also had the benefit of the Transport Select Committee's report and the evidence which they took. The SRA collated the views of the rail industry, as well as submitting its own proposals.
- 6.1.2** Seminars were held in Cardiff, Glasgow, London and York, at which the major challenges confronting the rail industry were debated, as well as the reform options. Ministers and officials in the Department for Transport have also had extensive discussions with rail companies and other interested parties, to clarify their positions and to explore new structural models.
- 6.1.3** The conclusions reached in this review are the Government's. But in carrying out this review, the Government was determined to engage closely with the industry, because a workable structure for the railway must command support. The proposals set out in this White Paper are ones which Network Rail and the freight and passenger operators have participated in developing, and which they have indicated they are committed to implementing as quickly as possible.
- 6.1.4** These proposals deliver a much clearer and simpler structure at the national level:
- a single national decision-maker, who sets the strategy and outputs for the railway and decides how much public funding it is to receive. This responsibility will rest with the Secretary of State for Transport;
 - a single regulator for the railway, dealing with safety, performance and cost. This will be the ORR, who will ensure that the Government sets outputs which can realistically be delivered for the funding available. All the information which the Government and other funders of rail services require will be collected by the ORR. And the ORR will also help to make certain that the Government – and rail users – get what they have paid for, and that the rights of investors are protected; and
 - a single body within the rail industry with overall responsibility for delivering improved performance, and for providing leadership on issues where there is a need for cross-industry action. This role will be taken by Network Rail.

- 6.1.5** And the proposals deliver better decision-making and closer partnership working at more local levels:
- The Scottish Executive, the Welsh Assembly Government, the London Mayor and the English Passenger Transport Executives will all acquire appropriate powers to specify rail services in their areas. In each case, the powers will carry with them real financial responsibility, and decision-makers will have to consider the correct balance between rail and other transport options; and
 - train companies and Network Rail will operate in close collaboration, with consistent objectives and clarity from Government about what is to be delivered. Their focus will be on delivering for passengers and other rail users, rather than on penalty payments and legal detail.
- 6.1.6** These changes will create an industry which is focused on delivery. Ensuring their effective implementation must now be an urgent priority for all parties involved.
- 6.1.7** The Government will introduce a Bill to give effect to those reforms which require primary legislation as soon as Parliamentary time can be made available. The key changes requiring legislation are the removal of the SRA and the expanded remit of the ORR.
- 6.1.8** The Government, rail industry and ORR will work together, as described at the end of Chapter 4, to refine the new industry structure.
- 6.1.9** But much of the action needed to transform the railway rests with the industry itself. As many submissions to the review recognised, it needs to become more customer- and supplier-focused, more forward-looking and more ready to learn from Europe and from other sectors of the economy. The Government can help create the conditions for a change in attitudes and approaches. But only the industry can actually deliver this transformation.
- 6.1.10** Network Rail recognises that its new role will require it to change the way in which it runs itself, and accounts to others. It has proposed changes to the membership of the Board, to how it reports on and discusses progress with Members, and to the focus of the future Management Incentive Plan. These changes would improve its accountability to Members and strengthen its focus on cost reduction and delivering for customers. These constitutional changes and any management changes which Network Rail judges necessary are internal matters for the company, not for Government. But the Government welcomes Network Rail's commitment to change.
- 6.1.11** The train companies too are changing the way they deliver for their customers. They are working more closely with Network Rail and their suppliers to drive up performance. And they have committed to working with the Government as franchises are renewed to ensure that the contracts incentivise improved performance and better cost control, whilst still allowing them the freedom to innovate in how they meet their customers needs. The rail freight industry is also improving its working practices to offer a more efficient service to its existing customers and to reach out to new markets.
- 6.1.12** The Government is grateful to all those who contributed to the rail review. There was a clear consensus that change is needed if Britain's railway is to achieve its potential. The challenge now is to make these changes happen.

Photo acknowledgements

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