



# ALL ON BOARD

**A PUBLICLY OWNED RAILWAY**  
FOR AN INTERCONNECTED WORLD



**ALL ON BOARD**  
PUBLIC TRAINS FOR ALL

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interconnected world

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We live in an amazing country full of amazing people – it should be everyone’s right to get to travel round it; from our home or work, and when we feel like it, get to see the people we love and all those beautiful places. Our railways should be accessible to all, and not be the preserve of the rich or the able-bodied.

The trains and stations should be beautiful, reflecting the special place in our hearts for a public realm in which we all feel free and are treated as equals. Working together, we can have a public transport system that gives all of us the freedom to do and feel all of these things.

Travelling by train in Britain today doesn’t lift our hearts and doesn’t set us free. The experience could be so much better. If every penny from passengers’ fares and the taxpayer was invested in the network, trains could run more frequently, especially where they are few and far between. Late and unreliable services could become a rarity as could dirty trains and cancellations because of faults. More stations could be kept staffed – helping us all feel safer and better informed. And under one owner, us, ticket prices could be much more affordable and we wouldn’t need

a PhD in applied maths to understand the ludicrous ticketing and pricing structure. The tragedy is not just that the experience of trying to travel by train is far too often infuriating, disappointing and slightly miserable, the tragedy is that it could be so much better in an age when more and more of us want to travel more of the time.

Trains could be priced at a level more people could afford. Trains could be run in a way that ensures that everyone who has bought a ticket gets to sit in a seat – not an outrageous demand surely? Trains could run on time to more places, more of the time. Maybe we could even set our watches by them? Trains could be modern and highly environmentally friendly. Stations could be beautiful public spaces in which waiting is a pleasure because they are built and run for people trying to move around pleasurably together - not just another place to go shopping. Trains and stations would be places where we are citizens and not just consumers - with comfortable seats and lots of them, free wifi and public art. We should feel good about traveling by train, it shouldn’t be an ordeal - something we must endure.

However, for too many passengers that’s exactly what it is – something to be endured. Why? It’s not that politicians really want us to experience a miserable service. The people who work on railways, the drivers, guards, station staff, signallers, managers, engineers, infrastructure workers, admin/support staff and cleaners try their very best to provide a vital public service of which they are incredibly proud. They are infuriated that common sense and huge amounts of knowledge, wisdom and commitment to the service count for nothing. And we, the travelling public, want it to work and be better.

No, the problem is the existence of a fundamental structural flaw at the heart of our railway system that stops us getting what we want: our railway should never have been privatised and broken up. Privatisation was based on a flawed logic, the pretence that rail companies could somehow compete on the same stretch of track and that bogus competition would drive up investment and standards.

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It hasn't worked and it won't ever work. It's time to end the privatised railway experiment that has gone on too long – it is time to bring the railway system back together and to be run for the public and by the public.

Let's be crystal clear. The old British Rail was given a bad press. It was never the total failure some made it out to be. It cost less than the current wasteful system and was more punctual. Innovations like Inter-City really worked. But there is no going back, even though it would be better than what we have now. The world has moved on massively and while the answer to Britain's railways malaise is public ownership it has to take a very different form than 60 years ago. It must be open, accountable, responsive and be capable of constant improvement and innovation because of the everyday input of the people who work for the railways and the people who travel on it.

The future of Britain's railways could be hugely exciting but only if the system is reintegrated, under public ownership and run in the public interest.

Before we set out how that might happen, and unlike when rail was privatised in 1993, we need to be clear about what's going wrong and what the principles behind a new public railway would be.

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## The private rail system is broken

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**The figures, facts and experiences speak for themselves – rail privatisation just hasn't worked. It was both ill-conceived and poorly executed. Trains are often either over crowded or empty as they run alongside congested motorways. Pricing people off trains is hardly a solution in a world in which connectivity is increasingly both economically and socially essential. The system is fragmented, bureaucratic and wasteful.**

Privatisation has meant:

- Costs to us, the taxpayer, are three times as much as under British Rail (BR)<sup>i</sup>. The additional costs of privatisation are estimated at around £1.2bn a year.<sup>ii</sup>
- Britain has the highest fares in Europe.
- Fare structures are a nightmare. Manchester Piccadilly station, for example, has six train operators all with their own fare structure. The pressure to be on the right train at the right time is so off-putting and the lack of flexibility is a huge problem.
- Trains are often over-crowded despite the poor service because of rising fuel costs and demographic changes.
- Growth in passenger numbers has largely reflected increases in GDP, changes in employment patterns, and the relative cost of motoring – sadly not because the system is better. We travel more by train despite the quality of rail system, not because of it.
- Public money is too easily and quickly turned into profits for private Train Operating Companies (TOCs) and Rolling Stock Companies (ROSCOs). Significant public subsidy is ploughed into the system but rarely touches the sides as it ends up in private company's bank accounts. £500m has been taken out of West Coast main line alone.

There is no risk for these companies, as the state will always step in to sort out any failure, but they enjoy huge private rewards.<sup>iii</sup>

- Private investment has never materialised and innovation in rolling stock, stations and service has been poor – as one would expect from any private monopoly with no levers of accountability.
- There is a historic and growing problem that the capital costs of running a 'public service railway' are not, and have never been, sufficiently covered by the farebox alone, requiring on-going public subsidy. Privatisation has failed to create a sustainable funding solution, which instead, has been met through a massive increase in Network Rail debt, currently set to top £45bn by the end of the decade. No train system in the world genuinely makes money. It's a vital public service that the public just has to pay for through fares and taxes to get the benefits.

- There is no strategic plan for investment in the manufacture of rolling stock that provides sustainable and coordinated opportunities for UK jobs and businesses. The lack of a 'guiding mind' on procurement has resulted in a rollercoaster of feast and famine leading to the loss of highly skilled and qualified staff. New rolling stock is manufactured abroad while, *quelle surprise*, all French trains are built in France.
- Public ownership is ruled out as an option in the UK but 60% of franchises are in effect owned by foreign state owned companies. It seems other publics can own our railways – just not the British public.
- The franchise process to win the contracts encourages the gaming of wildly optimistic passenger number projections and this, combined with huge legal contract complexity has led to franchise failures and operating chaos – of which the East and West Coast lines are only the most recent examples.
- Staff are too often disregarded or seen as an asset to squeeze and not seen as a rich resource of ideas, innovation and commitment.
- National economic success is held back because commuting is too expensive or trains are too infrequent or non-existent.
- Wider economic and social development is frustrated by the lack of connections and poor integration; houses in many parts of the country remain empty because there are insufficient train connections, while elsewhere people are homeless.
- Women in particular would feel safer on trains and in stations that were properly staffed and made secure.
- Less able-bodied people are treated like second class citizens and prevented from catching any train they want, when they want, on the day, as they have to phone ahead to ensure there is someone there to help.
- Freight is an afterthought rather than a priority to help get Britain economically active and transporting goods in a more sustainable way.
- All the time we are missing out on the 'no brainer' of using a transport method that would lower pollution – getting people out of cars and goods off lorries and onto trains.

The system is broken and it needs fixing, but it is more than facts and figures that are wrong. What we are losing is something equally precious – places and spaces in which we aren't just consumers of rail but equal citizens. Railways and trains can't just be sliced and diced, commoditised and privatised without a great national sense of moral, cultural and emotional loss. Stations and trains are one of the few places left where we literally rub shoulders as equals.

Trains don't just connect the country geographically but socially and culturally. They help build a sense of national, regional and local pride as well as collective identity. This experience should be joyful and rich – not cheap and tacky. When we travel, in public with others, the experience should profit our wellbeing not just the bank accounts of those companies taking no risk and making little, if any investment. No railway in the world makes a profit. Pretending they do leaves us all feeling worse off – financially and morally.

The stations and trains of the past, the uniforms and the signage, spoke of a deep and rich sense of public pride. While there is no going back to a mythical 'golden age' – through experiences like the Olympics we proved we can produce a modern form of really 'all being in it together' – a public good that made everyone smile and everyone feel proud – whether you had a ticket or not. The railways should be a permanent and daily embodiment of that public spirit.

So yes, we want a railway that works, we want it to be efficient and as cost effective as possible, but we also want it to make us feel good about ourselves, our fellow passengers and our country.

The crux of the issue is that if you want a 'public service railway' it will require public subsidy. Passenger revenue alone will not fund a railway that meets social, environmental and wider economic need. So a truly stand-alone commercial solution is untenable, unless you ran a very small number of lines at peak hours only. Given this, it would make sense to maximise efficiency and value for money by retaining that investment within the public service, without leaking public money into private hands. If the private sector was adding significant levels of investment, innovation and efficiency then fair enough, but they clearly aren't. This is not to be anti-business but to recognise that

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profit maximisation and the breakup of the system just won't work for the railways. Besides, there is plenty of good commercial expertise within railways management, which could provide a much better service in the right public framework.

The 'private is best' mentality for rail is really starting to wear thin. The public believes in large numbers that rail should be publicly owned and run. A recent YouGov poll for the Centre for Labour and Social Studies found 66 per cent in favour of public ownership of rail. The Labour Party Policy Review is examining all the options and the Government has seen sense by taking Network Rail's debt onto the public books. The decision to re-let the East Coast franchise when it was more efficient and punctual while in temporary state hands has met with widespread opposition. It is ideology trumping common sense.

Not-for-dividend rail infrastructure operator Network Rail which receives around 80% of the industry's public subsidy will be nationalised in September 2014, a development that will dramatically change the industry landscape.

It's not just because privatisation and fragmentation have failed that we need to change - but because making rail public is the right thing to do.

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### Why a publicly owned railway today?

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**A public railway would both put right the wrongs of the current system and help prepare Britain for a better future.**

A publicly run and accountable railway would immediately see huge operating and cost benefits. Over £1 billion would be available for investment in the

system rather than seeing the money leak out to private owners. Overnight re-integration and quick wins like simplified fare structures could quickly improve the travelling experience. Over the medium to long-term investment decisions on track, trains and stations could transform the railways.

Public ownership of rail also fits with the times and goes with the grain of where societal and economic changes are taking us.

Increasingly we live in age of movement, adaption and flexibility. In a more dispersed and networked world people and information are more remote from each other and therefore have to be better connected. The more virtual the world becomes the more we feel a desire for physical proximity to others. Travel will be an increasing feature of our lives. For family, friendships, leisure and work, people are travelling more than they ever have and would travel more if only service quality was higher and prices lower.

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### Under a new public rail system

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- Integrated train, bus, tram and cycle services would be fast, punctual, affordable, door-to-door, clean, joyful and uplifting.
- Stations could have nurseries, bike shops and healthy local food outlets and collection points for online shopping. Some already do because they are community led - these need to be scaled up.
- Smart cards, like London's Oyster, could ensure easy and cheap integration of fares across the whole of the country.
- Trains would be so good there would be little demand for First Class carriages - like the standard class services on the Heathrow Express and the Eurostar.
- Exclusion and inequality would be systematically tackled through pricing and the accessibility transformation of the system.
- Europe would be opened up through high-speed networks from city to city - thus reducing the need for air travel.
- Employees would be well rewarded and motivated. They would have a strong voice to help improve the service and the space to bring innovation to the system.

- Passengers would be rail citizens – people with rights and a democratic say in what happens to a service they own and rely on.
- New track will be built and old routes reopened so that new housing schemes would be made viable and run down areas regenerated.
- UK engineering and construction would be given a huge boost.
- Rail could become a key feature of government counter-cyclical investment policy, providing sustainable support for UK manufacturing jobs and skills.
- Investment could also be used to help rebalance the national economy, to stop the South East overheating, so that we mind the gap between London and the rest of the country.
- Finally, rail must be a central part of a sustainable future. To make it the default travel option of choice, to get public transport to make more sense than using the car and the train to replace domestic and even many short haul international flights, trains are going to have to be fast, comfortable, frequent and affordable. And that includes establishing publicly owned rail freight to take goods and congestion off the road
- It developed and delivered Oyster, still the most ground-breaking innovation in public transport, despite the resistance of the TOCs.
- It is democratically accountability through the Mayor and a supervisory board of stakeholders, including passengers and the unions. This ensures pressure to innovate and be efficient.
- Train and bus passenger growth has been integrated through regulation, managed contracts and democratic accountability.
- London Overground has benefitted from large-scale investment, demonstrating the fairly obvious argument that resources are key to making a difference. Public ownership is a necessary step but insufficient without investment.

### Network Rail

- Following the catastrophic failure of the privatised Railtrack the creation of Network Rail created stability on the railway and it's 'Not for Dividend' status has ensured all money that goes to Network Rail is invested in the railway.
- Network Rail's decision to take maintenance back in-house following the demise of Railtrack, removed the fragmentation and privatisation of rail maintenance and led to £400m a year savings according to the McNulty Report.

### Directly Operated Railways (DOR)

- East Coast Mainline shows what's possible through public ownership. Since the failure of the last private company it was taken back into public ownership. Since then East Coast has received £0.46 of government funding per passenger mile, compared to £4.57 on West Coast. At the same time, East Coast returns the highest level of premium back to the government. Since 2009, it has returned over £600m to the government. This is over £200m more than Virgin on West Coast and over £230m more than National Express paid while it was running the East Coast service. It also receives far less in indirect subsidy through Network Grant than West Coast.
- East Coast also shows that performance and customer service can be improved by a publicly owned railway:
  - o Since beginning of 2011/12 East Coast Mainline has been the recipient of 35 industry awards.

Yes it will cost, but we pay anyway one way or another – up front for an affordable and enriching experience, that is good for jobs, our well-being and the planet, or we pick up the bill for failure further down the track. Taking private profit out of the equation could result in a more affordable railway, not a more expensive one. The next general election in May 2015 must give the British people the chance to choose what sort of railway system they want – the same old private one – or a new public service?

## Publicly owned and run railways work

**It is not a leap of faith to demand a public railway because the evidence suggests strongly that publicly owned and integrated railways work best.**

### Transport for London (TfL)

London Underground is a publicly owned railway that carries as many passengers as the rest of the railway network put together. Because of its ownership and the high level of integration it has been both efficient and innovative:

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- o In the latest Passenger Focus survey East Coast has a passenger satisfaction rating of 92%, higher than the 89% for all long distance operators and the highest customer satisfaction rating of any operator ever holding the East Coast franchise.
- o In 2011/12 it increased passengers by 19m (1%) and increased turnover by 4.2%, providing premium payments of £208m to the government.
- o Its punctuality in Aug /Sept 2013 was 89.4% against a target of 87.6%
- o It has just recorded the highest level of 'employee engagement' in franchise history, at 71% and sickness absence has been reduced by a third since 2009 when DOR took over.

### Devolved Governments

- It is interesting and important to note that both the Welsh and Scottish governments want to consider alternatives to rail privatisation. Both are in the process of lobbying the Westminster Government to change the 1993 Railways Act which prohibits the state or an entity of the state to permanently operate mainline railway services. To date this has been declined by Westminster.
- The Glasgow subway is publicly owned, by Strathclyde Transport; Lothian Buses are owned by a consortia of local authorities and makes a considerable profit for their owners.

### Northern Ireland Railways

- Translink, a publicly-owned consortium which includes buses as well as trains is the major player and is accountable to the Northern Ireland government. The railway is 'vertically-integrated' with both track and train services managed together. Costs of infrastructure development have been considerably lower than in Britain. Europe
- Across Europe, railways are on the whole integrated and state owned and 30% cheaper to run, whilst offering lower fares.

The lesson from these rail initiatives is that public ownership is key to a modern railway network but is an insufficient step without integration and investment. Management needs to be focused on the public interest and not skewed by the priority to maximise

profits in a system that is devoid of competition. Tesco, Sainsbury and Asda may compete in ways that are in the interests of the shopper but rail competition is impossible and sets up systemic conflicts between the prime needs of shareholders and the subordinate needs of the travelling public who have nowhere else to go. Finally, strong local and national democracy keeps managers and strong local and national democracy makes managers and workers responsive on their toes and enables the public to have a voice and say in how the service is run. It also acts as a safety valve if anything goes wrong.

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## The key principles underpinning a publicly-owned railway

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**Taking rail back into public ownership is technically and financially the right thing to do. But it must be about more than 'what works'.**

### A common good

Rail as a public or common good is incompatible with private ownership. When we talk about public ownership we need to be clear we are not talking about old top down models, which may have met the needs of a different kind of public in a different age. Instead, modern public ownership must be dynamic and responsive - a 'peoples' railway' where users and workers are at the heart of the decision-making. It must be run for and, wherever possible, by the public. Public ownership means national oversight, alongside a combination of integrated national, devolved and regional structures with the full participation of communities, workers and passengers.

### Maximising efficiency, innovation and responsiveness

The separation of track and wheel was always horribly misconceived. In terms of cost and safety the unnecessary complexity and duplication of a fragmented rail system is now obvious. The efficiency of integration has been demonstrated every time a franchise fails and the operation returns to the public sector, witness Connex and the East Coast.



Competition was always a bogus form of innovation and efficiency. A corporate monopoly simply replaced a state monopoly. Given the reliance on public funding it is unacceptable that the private sector should go on enjoying such a privileged status. But we have to ensure that public ownership is as dynamic and accountable as possible. There are two ways of ensuring this is the case:

- First, democratic accountability through elected national and local bodies will help ensure a better service. The role of the directly elected London Mayor has been instrumental in terms of ensuring that Transport for London has been both innovative and efficient. Although by no means perfect, as the recent dispute over ticket office closures has shown, there are at least the structures to ensure that passengers' interests and the wider interests of business and the community are taken into account and focused onto the system. In this way accountability as the spur to motivation and innovation comes from within the system – from the employees, passengers and other stakeholders. Accountability is internalised amongst those with the biggest stake and most knowledge of the system.
- Second, the direct involvement of staff and passengers in service delivery decisions will lock in efficiency improvements as an on-going feature of a public rail system. The pressures of politician's targets or competition fail miserably to drive innovation and efficiency.<sup>iv</sup> The effects of both soon dissipate or are 'gamed' by stakeholders leading to all sorts of perverse and unintended consequences. For instance, at big station interchanges there is no incentive for 'competing' operators to cooperate and risk being fined by an overly complex contract system. With public ownership long-term stability and re-integration could see exponentially improved efficiency. A glimpse of the gains from the co-production of rail services can be seen on the East Coast service, which under direct public ownership, now sees staff actively hand out complaints forms to passengers so they get the best possible feedback to improve the system.

Even the McNulty Report identifies how fragmentation born of privatisation has prevented collaborative approaches to passenger-focused service improvements. To add, more recently, the outgoing Chief Executive of the NHS, David Nicholson, has warned that the introduction of market competition in the NHS is acting as a barrier to collaborative approaches to patient-oriented service configuration and improvement. The same applies to rail.

The most significant passenger-facing innovation, smart ticketing through the Oyster Card, was developed and implemented in the public sector. We need a railway that constantly improves, adapts and responds to employee innovations, passenger needs and new technologies. A national, integrated railway, underpinned by a public service charter, would provide the optimum model for designing, testing and implementing innovative approaches to passenger service at scale and with the investment backing of the state.

### National integration

A public service railway benefits from a national and integrated structure of delivery and governance in order to:

- Plan and co-ordinate operations across a complex inter-dependent and networked system of public transport
- Achieve the required economies of scale and benefits of cross-subsidy between different parts of the system
- Ensure universal standards
- Provide clear lines of vertical accountability<sup>v</sup>
- A unified workforce pulling together for the benefit of the whole railway

### Local and devolved

While a nationally integrated system is essential, accountability and innovation is best practiced where people are closest to the system. Therefore, wherever possible, decisions should be made at the lowest possible level of the rail system to ensure the most effective input of all stakeholders, whilst retaining the benefits of a nationally integrated system. There are profound issues here of investment and equity that need to be addressed. Neither the remote state nor the free market hold the answers and the challenge is to find a new form of accountable public ownership

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that allows the paradoxes of equality and diversity, the local and the national, scale and participation to be managed to best effect.

### Professionalism and a public service ethos

The railways, despite the constant meddling, fragmentation and lack of funding, are blessed with employees from top to bottom who are passionate and dedicated to rail and have the wisdom and experience to make it a world class service. Respect for workplace rights and employees having a collective voice in decision making should be central to a public service railway. Employees, working within strong governance and accountability structures, must be empowered to take ownership of the challenges the service faces – their training, experience and dedication must be unleashed alongside the interests and involvement of passengers to ensure the standards and culture of the service are constantly improved and developed. The loss of institutional knowledge and the benefits of its return are summarised here:

*“...one of the most devastating consequences of the privatisation process was the fragmentation and loss of industry knowledge. Running a railway – making decisions about investment, timetabling, safety, workforce deployment – requires an intimate acquaintance with changing infrastructure conditions, technological possibilities and service requirements throughout the network, that in the case of British Rail was held collectively by its workforce and managers and brought to bear upon decision-making through systems of cooperation and communication at all levels of the industry.*

*This organisational knowledge base, never wholly centralised and much of it effectively tacit, was dissipated with the breakup of the industry. Many highly skilled engineers who knew things about the railway network that no one else did lost their jobs; some hired that knowledge back to the industry as private consultants. Habits of information sharing and freely given advice were interrupted by the requirements of commercial confidentiality. Hard-won accumulations of local and specialised knowledge were lost in the shift to an increasingly casualised and individualized workforce.”<sup>vi</sup>*

The collective nature of the old nationalised rail should not be under-estimated as an asset. Privatisation

brought with it damaging competition between workers of different companies, often with negative impacts for passengers, with workers instructed not to handle passengers or goods from rival companies. This was also reflected in the growing blame culture in the railways, most notably between Network Rail and various TOCs over delay attribution and seen most evidently in the wake of significant episodes such as the Potters Bar disaster. Many delays are caused by competing companies going through the same station with incentives not to do what is right for passengers but what reduces fines in a complex legal structure not a common sense structure.








### Sustainability

Our climate is undergoing clear and rapid change. The overwhelming scientific opinion is that this change is driven by human beings. Sea ice is melting and the permafrost is thawing in the Arctic, coral reefs in the ocean are being killed. We are encountering more heat waves, heavy rains and climate related disasters.

The Intergovernmental Panel (IPCC) on Climate Change recently published the “Fifth Assessment Report” and has told the world yet again that climate change is a huge risk we must tackle. What is new is the clarity and urgency of the message. This report warns that governments are set to crash through the global CO2 safety threshold by 2030. Humans have tripled CO2 emissions since 1970 and emissions continue to increase.

The IPCC suggests that “ For all economies, especially those with high rates of urban growth, investment in public transport systems and low-carbon infrastructure can avoid locking to carbon-intensive modes. .... Mitigation strategies, when associated with non-climate policies at all government levels, can help decouple transport greenhouse gas emissions from economic growth in all regions”and thereby dramatically reduce such emissions.<sup>vi</sup>

The transport sector accounts for 27% of final energy use and 85% of global CO2 transport emissions come from cars, planes and trucks.<sup>vii</sup> Planes produce eight to eleven times the CO2 of high speed rail and lorries emit about six times more CO2 than trains for every ton of freight carried.

Cars	45%	
Trucks	25%	
Planes	12%	
Shipping	10%	
Buses	6%	
Rail	1%	
2-wheelers	1%	

### GLOBAL EMISSIONS OF CO2 FROM TRANSPORT

A shift to buses and trains would cut transport CO2 emissions by 80%. The IPPC also makes the case for a modal shift to rail freight: “If growth in global truck travel between 2010 and 2050 could be cut by half from the projected 70% and shifted to expanded rail systems, about a 20% reduction in fuel demand and CO2 could be achieved, with only about a fifth of these savings being offset by increased rail energy use (IEA, 2009). The European Commission (EC) set an ambitious target of having all freight movements using rail or waterborne modes over distances greater than 300 km by 2030, leading to major changes in modal shares (Figure 8.8) (Tavasszy and Meijeren, 2011; EC, 2013)”.<sup>x</sup>

Rail must be at the heart of our country’s concerted attempt to stop runaway climate change. Getting people out of cars and onto a properly integrated public transport system that provides affordable, enjoyable, door-to-door services is a big part of a future in which we can all breathe clean air and avoid climate chaos. So is getting people off domestic flights, and even many international flights, because rail is both a feasible and desirable alternative.<sup>x</sup>

### Fairness

Last but not least, travelling by rail cannot just be for the members of the public or businesses who can afford it. Prices are too high, too often. While so many are unemployed or experiencing flatting or falling wages, regular access to public transport for many is becoming unacceptably restricted. Even for those who can afford to travel the number of work and leisure related journeys are being cut. Pricing should reflect the need for the service and not ability to pay. This is why public transport must be publicly owned and run for all. If rail is to be a truly public service then fares must be priced on a social basis and decoupled from

cost and investment decisions. As has been made clear, the farebox will never cover the capital costs of rail investment.

It is not just passengers who benefit from an affordable rail system – everyone in the country depends on it, even if they never travel by rail, because other people and services that they do rely on have to use the rail network. Just as we all benefit from the education system, even if we don’t have children. This is why rail has to be funded to a reasonable extent out of general taxation. The fairness argument must be won on the basis of the ‘public service railway’ underpinned by public subsidy for fares being conditional on a set of public service objectives with clearly defined benefits for the whole of the UK and its population. Prices could follow an RPI – x% formula where social need would be determined in relation to the objectives of a ‘charter’ (see below) with a significant subsidy justified through reference to the social and environmental objectives of the railway.

Google is busy building its UK headquarters just at the back of Kings Cross station. Why? Because it is a fantastic transport hub that connects to the rest of the UK and Europe and through public investment is becoming a highly desirable place to live and work. But Google is regularly slated by the Public Accounts Committee for paying little, if any, UK tax. It wants the benefits of our rail infrastructure but doesn’t want to pay anything for it. Companies like Google and many others, such as private home owners, benefit massively from public rail investment and we should look at ways in which their ‘windfall’ is taxed and redistributed to the wider community, not least through cheaper rail fares and greater investment.

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## A new model for Britain's railway and the key steps towards it

Railways are complex entities and governance structures need to match this complexity. As already discussed we need to match the requirement for national integration and long term planning with accountability at all levels and local diversity and innovation. This is the key paradox of the rail system i.e. a problem that cannot be fully solved because both the national element and the local element are essential. The answer is not to prioritise one over the other but to ensure a structure which allows both to breathe and have influence.

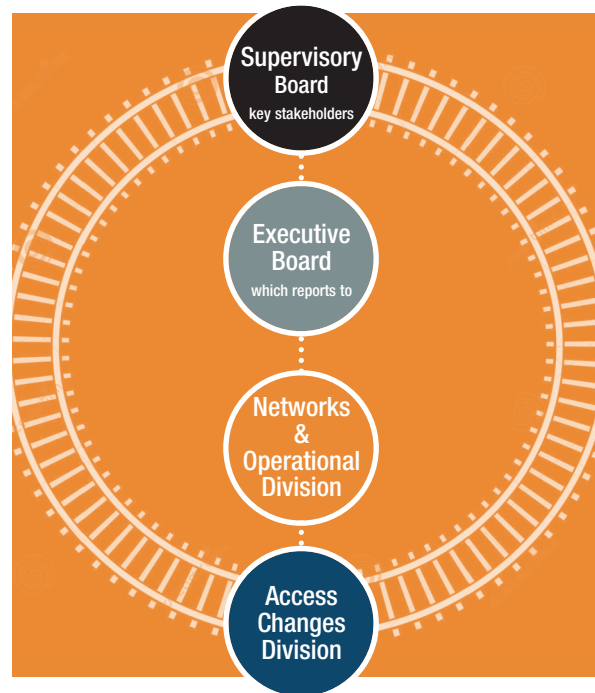
### Nationally unified

The influential Rebuilding Rail report<sup>xi</sup> talks about a 'guiding mind' for rail, with powers and responsibility over the railways as a whole to provide strategic and long-term direction. This is an essential step.

The broad structure of this 'guiding mind' new National Rail body would be:

- **A Supervisory Board** of key stakeholders (government, passengers, workers, businesses, regional, special interest etc) overseeing an;
- **An Executive Board**, to which reports;
- **A Networks Division and Operational Division** and;
- **An Access Charges Division** which sets the price of using the network but is operationally separated from the rest of the system to ensure transparency and fairness.

The level of accountability and democracy present on such a national body will need careful consideration – the German model of a two-tier board, supervisory and executive, looks like the most relevant model as long as there were elections for stakeholder representation.



### Local diversity

However, any innovative and responsive system must, wherever possible, be devolved and localised to allow for the maximum possible stakeholder influence. The relationship between regional and local interests and a national 'guiding mind' for the railways has to be carefully thought through. For instance, there will be different interests in terms of timetables and resources. A structure and culture will need to be devised that helps deliver a consensus between local and national needs. This would entail:

- Representation of regional/local rail interests on the new National Rail Supervisory Board
- Funding for regional rail services to be directed via regional transport authorities
- Legally enshrined powers would enable regional transport authorities to negotiate a fair deal - with recourse to parliament

This would be an opportunity to think afresh about more radical forms of democracy and engagement within a publicly owned system. The rise of directly elected mayors and the emergence of strong cities and city regions, particularly in the north, could provide the democratic basis for new local and regional transport bodies. Meanwhile public input to local railways through Community Rail Partnerships

has re-energised many branch lines, demonstrating the huge value of genuine stakeholder involvement. Britain is not the country it was in 1993 when rail was privatized. Scotland, Wales, Northern Ireland, London and places like Merseyside have had more than a taste of devolution and an increasing numbers of places will rightly want it too. Smaller tight knit operations have successfully delivered, not least because they have been linked to devolved governance. The new system cannot mean a return to the old state monolith.

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## A Public Charter for the Railways

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This could be a set of principles, objectives and deliverables that would define the 'public service railway'. It would incorporate the key objectives of efficiency, value for money, passenger interests and passenger voice, supporting economic growth, connectivity, access and mobility, public safety and security, tackling exclusion and supporting environmental / sustainability targets. These would form the criteria which any subsequent regulation or evaluation of the railways would use. This would be the guiding document that would explicitly spell out the public service ethos of the railways. It could form the basis of a compact for the railways – that for the necessary public subsidy there would be a corresponding set of public service objectives. The Public Charter for the Railways would be renewed every ten years around a funding agreement with the Treasury to ensure long-term investment certainty and sustainability.

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## The steps towards public ownership

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- The next government would announce that the railways are to be taken back into public ownership as each franchise expires. This way there would be little if any cost to the Treasury.

### End dates for passenger Rail Franchises

See illustration on page 15



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## Conclusions

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At the next election Britain has the chance to put right a great wrong. Innovation, enterprise and investment in rail have been stifled for too long. It costs about three times as much to run our railways now compared to before privatisation. Enough is enough. There is a growing consensus that rail should be publicly owned, re-integrated and democratised nationally and locally.

That consensus needs to be galvanised and focused in the months leading up to that election. It would be a national tragedy if the opportunity to make Britain's railways the best in the world, was missed. We can do so much better than the service we currently endure – it's time we did.

# ALL ON BOARD:

## A publicly owned railway for an interconnected world

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### References:

<sup>i</sup> Net subsidy figures show all bar one of the TOCs are recipients of net public funding. See TUC press release: <http://www.tuc.org.uk/industrial-issues/transport-policy/train-operators-gained-%C2%A327bn-taxpayers-subsidy-last-year> and ORR report 'GB Rail Financial Information 2012': <http://www.rail-reg.gov.uk/upload/pdf/gb-financials-2012.pdf>

<sup>ii</sup> See Rebuilding Rail report

<sup>iii</sup> See CRESC report 'the conceit of enterprise' for profiteering figures, using ROCE (return on capital employed), astonishing rates of return to Virgin and others, compared to supermarkets: <http://www.cresc.ac.uk/sites/default/files/The%20Conceit%20of%20Enterprise.pdf>

<sup>iv</sup> See <http://www.justeconomics.co.uk/rmt-report/> for more on efficiency and public ownership

<sup>v</sup> See [http://www.deutschebahn.com/file/3020438/data/studie\\_integrierte\\_bahnen.pdf](http://www.deutschebahn.com/file/3020438/data/studie_integrierte_bahnen.pdf) for more information

<sup>vi</sup> Jean Shoal 2004, Renaissance delayed, New Labour and the Railways

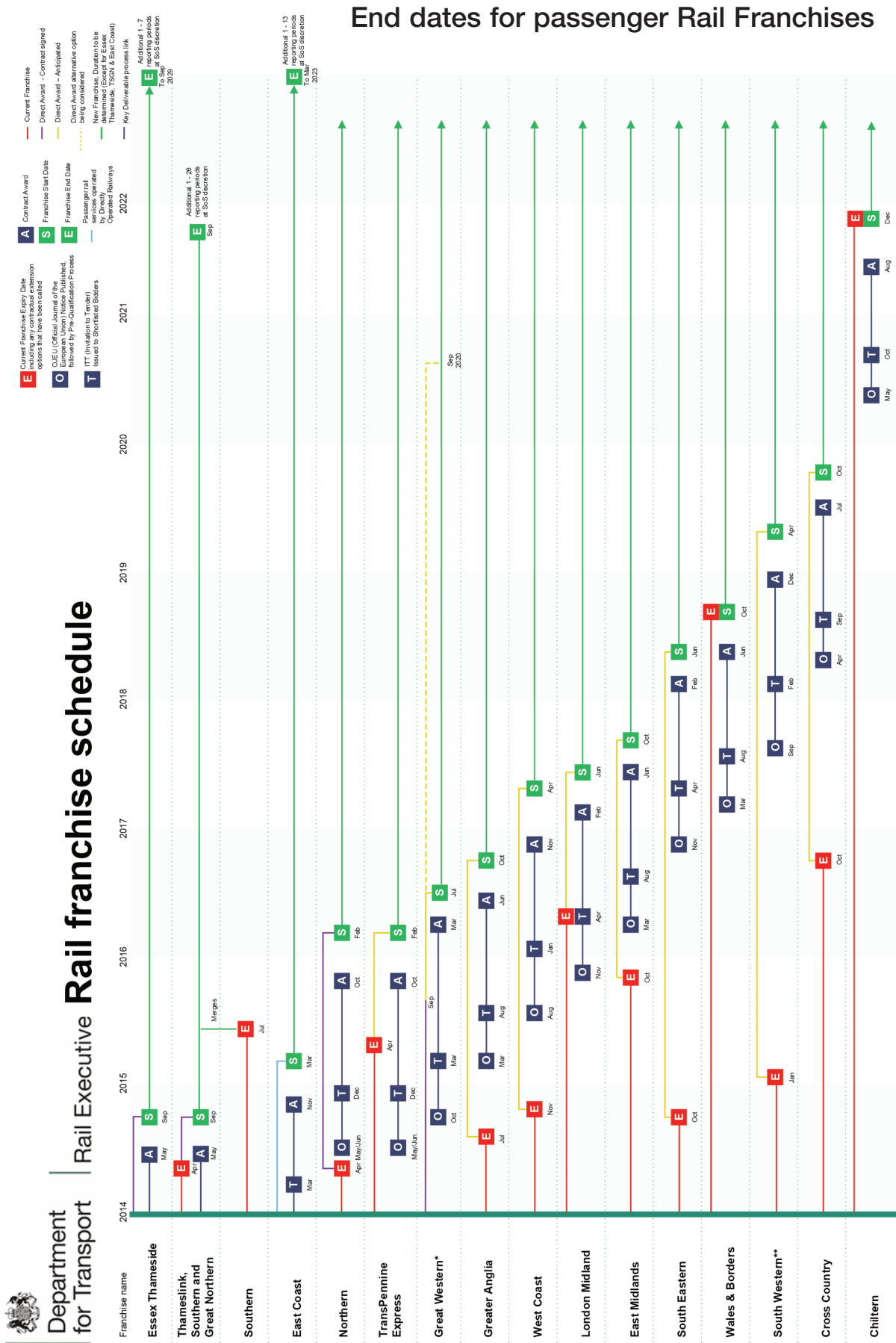
<sup>vii</sup> See [http://report.mitigation2014.org/spm/ipcc\\_wg3\\_ar5\\_summary-for-policymakers\\_approved.pdf](http://report.mitigation2014.org/spm/ipcc_wg3_ar5_summary-for-policymakers_approved.pdf)

<sup>viii</sup> For sources see the One Million Climate Jobs Now! pamphlet and Jonathan Neale's book Stop Global Warming-Change the World.

<sup>ix</sup> See the full report; [http://report.mitigation2014.org/drafts/final-draft-postplenary/ipcc\\_wg3\\_ar5\\_final-draft\\_postplenary\\_chapter8.pdf](http://report.mitigation2014.org/drafts/final-draft-postplenary/ipcc_wg3_ar5_final-draft_postplenary_chapter8.pdf)

<sup>x</sup> See [http://www.uic.org/homepage/railways\\_and\\_the\\_environment09.pdf](http://www.uic.org/homepage/railways_and_the_environment09.pdf) for more info

<sup>xi</sup> See [http://www.transportforqualityoflife.com/u/files/120630\\_Rebuilding\\_Rail\\_Final\\_Report\\_print\\_version.pdf](http://www.transportforqualityoflife.com/u/files/120630_Rebuilding_Rail_Final_Report_print_version.pdf)



\* See 6 March 2014 project PIN notice for further details on dates.  
\*\* See 4 January 2014 project PIN notice for further detail.



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