

## WILLIAMS RAIL REVIEW

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TIME TO TAKE STOCK

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The Call for Evidence in what Keith Williams in his [Bradshaw address](#) calls "the biggest review of the railway for generations" has just closed. Now is a good time to take a look back at what the review set out to do and the key themes emerging from the responses published so far.

The Rail Review, headed up by Keith Williams, deputy chairman of John Lewis and Partners and former chief executive of British Airways, was announced in September 2018 as we reported in our article, [Railways under Review](#). Its [terms of reference](#) were published in October 2018.

Since December 2018 Williams and his team have been asking for evidence on how the railway in GB is working and how it could be improved. In March 2019 they published a [series of evidence papers](#) based on the responses received so far and extended the Call for Evidence to include questions on these. At the time of writing there have been over 380 responses. The Call for Evidence closed on 31 May 2019.

One of the evidence papers sets out the [objectives and assessment criteria](#) for the next stage of the call for evidence process. There was a specific consultation on this, which officially closed on 30 April although the DfT will still consider any further responses received. The review wanted to test its thinking to ensure it is focussing on the right areas as it moves into the next stage: developing and appraising models for reform of the railway.

### The objectives

The review proposes three overarching objectives for a successful railway. These are framed as:

*Great Britain needs a safe and secure railway that is delivering the right outcomes for:*

- **Passengers** – higher passenger satisfaction and greater public confidence through improved experience and value for money
- **Taxpayers** – improving long-term affordability and value for the taxpayer
- **Wider society** – growing social, environmental and economic contributions to the country (including through promoting freight traffic).

### The problems

From the evidence supplied, the review has identified at least five problems with how the railway works today:

- The rail sector too often loses sight of its customers – both passengers and freight
- Over recent years it has come to lack a single strategic direction
- It has become fragmented and accountabilities are not always clear
- The sector needs to be more productive and tackle its long-term costs
- The sector is struggling to innovate and adapt.

### The assessment criteria

The review proposes some broad assessment criteria which it will use to develop its recommended model – or models – for the railway. These are made up of 11 outcomes supported by seven outputs.

The outcomes are divided into three categories. **Passenger** outcomes include value for money and public trust (public trust is a key theme emerging). **Affordability** outcomes include commercial sustainability. Then finally are **the fundamentals**: safety and security, the environment, and rail freight.

The seven outputs (system changes) include: a focus on users; accountability and leadership; decision-making at the right level; and long-term thinking and innovation.

### Themes arising from the review

From Keith Williams' speeches and the key responses to the review received so far, we can see some main themes emerging.

### **Focus on the customer**

The first problem the review identified was that the rail industry is not focused on the customer. When talking about "customer" it's clear that Keith Williams has passengers mainly in mind, but other review papers are keen to point out that customers include freight customers and also future customers: those who don't yet use the railway – and who tend to have a less positive view than those who do use it. Any new model(s) proposed will have the customer at the heart.

### **Lack of public trust**

In his Bradshaw address in February, Keith Williams mentioned the lack of public trust in the railway at least four times. This stems from perceptions about competence and also about motivation: people perceive those running the railway as being more bothered about profit than about passengers.

### **Strategic direction, leadership and accountability**

Part of the reason for the lack of public trust is that it is not clear who runs the railway. Certainly not the Secretary of State for Transport, as he was [keen to point out a year ago](#) to the Transport Committee inquiry into the May timetable changes. In any case, there is an argument that any body that runs the railway should be independent and not a political football. That is the view of the Rail Delivery Group (RDG) in their submission, [Changing Track](#). They propose an eight-point plan, one of which is to put a new independent organising body in charge of the whole industry, removing the politics from the running of the railway as far as possible.

At the rail review workshop in Leeds, however, it was stressed that the review's second objective, improving long-term affordability and value for the taxpayer, meant that the Secretary of State (who is responsible for taxpayers' money) still needs to be accountable.

### **No one size fits all solution**

When launching the review's assessment criteria in his [speech at Accelerate Rail](#), Keith Williams stressed that "trade-offs will be unavoidable" when it comes to making recommendations. Different customers have different needs and interests. The responses echo this. Virgin's [Reimagining the Railway](#) and the RDG's [Changing Track](#) both look at long distance franchises and suggest new models: an auction for 'slots' (between specific destinations at specific times, like airlines) in the case of Virgin; and open competition on long-distance routes in the case of RDG.

This would not work for shorter journeys, which may not be as profitable, so several responses advocate devolution of some level of control over the railways to a local level. [Transport for London](#) put the case for "metroisation" of the London heavy rail network, ideally through integrating track and train, transfer of infrastructure management responsibility and regional transport authority. The [West Yorkshire Combined Authority](#) (WYCA) wants devolution of funding, decision-making and accountability to local authorities. Virgin suggests a devolved, long-term concession model for short-distance commuter routes, with the tender process run and implemented by the local transport body.

### **Don't forget freight**

Although Keith Williams seems to be focused more on passenger needs, he is keen that the needs of freight customers and operators are taken into account. As he stressed in the Bradshaw address, "if the future strategy for the railway doesn't work for rail freight, it's not the right strategy". Key to the success of freight seems to be a network and timetable that is co-ordinated on a national basis, a theme which appears in the [Rail Freight Group \(RFG\) response](#) and the RDG's freight-specific response, [Rail Freight: Delivering for Britain](#). Not surprising when 80% of freight journeys cross Network Rail route boundaries, but not compatible with devolution of timetabling to routes, or with devolution of strategic decision-making to local authorities: an example perhaps of a trade-off that will be needed. The freight network looks rather different to that for passengers and to date electrification has concentrated on the passenger network leaving short, but significant, gaps that affect freight services.

### **Innovation and adaptation: looking to the future**

The rail review team are keen to stress that any new model they suggest must be future-proof and able to adapt, as they are looking at the next 30-50 years. Recently the review published a further evidence paper, [Rail in the future transport system](#), which examines the social, economic and technological changes that could shape transport demand over the next 10-20 years. It identifies three principal areas where there is likely to be significant change: automation (such as self-driving cars),

new business models (Uber, multimodal transport partnerships) and cleaner transport (rail may not always be more environmentally-friendly than cars).

The paper also points out, as do several responses to the review such as WYCA's, that the rail sector is seen as a difficult market for new entrants or disruptors, which means it is hard to innovate. The current franchise system does not help with this: franchise periods are not long enough to encourage franchise operators to invest in innovation; and the fragmented nature of franchises means there is no clear way of exploiting innovation for the benefit of the rail sector as a whole.

### **Integrated transport modes**

Interestingly, the Rail in the future transport system evidence paper sets out three hypothetical scenarios for what the rail way might look like in 2040. The third scenario, 'The decline of rail', sees rail as a digital island, operating as a silo and unconnected with other modes: good news for rail freight (in the short term at least) as this frees up capacity; but may not be affordable in the long term.

The final key theme coming out of the review is therefore the need for rail to be part of an integrated transport system. The passenger journey does not begin and end at the rail station and the journey for freight does not end at the freight depot. There is a need for a simplified fare structure and an increasing expectation of a 'tap in and tap out' contactless payment system, as in London. Freight needs to be able to develop more distribution centres close to cities, particularly to support internet-ordered parcel delivery services. Mobility as a service (where different transport modes are brought together in journey planning and paid for in a single payment) is a growing trend and rail needs to be a key part of it, particularly where major interchanges can be based at railway stations. "It's surprising how often buses come up when we are talking about rail" was one comment made at the Leeds rail review workshop.

### **Next steps**

Williams and his team will consider carefully all the responses to the call for evidence and will publish a White Paper in the autumn setting out their findings and recommendations. Reform of the rail industry will begin in 2020.

Much is expected of this review. Unlike previous, more desktop-based reviews, engagement with the industry has been very strong. Whatever the outcome, it is clear that the status quo will not be an option: "franchising cannot continue in the way that it is today".

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