

ANOTHER ROUND OF MUSICAL CHAIRS

Over a month after publication, the third reform of railway administration in four years remains thin on detail. It's more a case of 'work in progress' than the 'once in a generation opportunity' we were promised, argues Paul Clifton

‘It will make naff-all difference to passengers,’ grumbled one captain of the industry, talking about the Government’s White Paper on rail reform. Others, however, thought it at least a step in the right direction.

The White Paper criticises the ‘inefficient and dysfunctional’ railway structure, with too many organisations pulling in too many different directions. It speaks of ‘bringing to an end buck-passing and blurred accountability’ that create delays and unnecessary costs.

Certainly the number of regulatory bodies is being reduced. There will be a single specifier (Department for Transport), a single network operator (Network Rail) and a single regulator (ORR).

But Network Rail and the train operators will continue to be governed by a complex penalty payments regime, widely criticised for having no effect on performance. The White Paper promises to simplify rather than abolish the system.

It shies away from any suggestion of putting train and track operators closer together. Vertical integration, it says, works well in other countries. But the Treasury fears this would be a very expensive step to take, so it is not on the agenda.

Train companies will have a diminished role and less scope for innovation. And the regional rail passenger committees, which would have fiercely opposed any attempt to cut services, will be abolished. Their successor, a ‘single national body’, will be less focused on local needs.

‘It’s a sort of White Paper with green edges,’ said Transport 2000, referring to the convention of firm government policy being printed on white paper, and rough intentions being printed on green paper.

‘It’s not obvious where the mega savings are going to come from,’ said Graham Eccles of Stagecoach, who’s also an advisor to Network Rail.

‘Axing some SRA jobs will save millions. But our problem is measured in billions, not millions. Network Rail will be like a 500lb gorilla. And 500lb gorillas can sit wherever they want to. Train operators will have to look very hard at the Network Code to see how their relationship can be a true partnership. And that will require a lot of effort. We don’t know what the client-supplier relationship will be like. And anything we don’t know is usually more expensive.’

For Eccles, the White Paper doesn’t go far enough. Three years ago, he penned a Stagecoach document called *Platform for Change*. ‘We’ve moved a long way down the path we advocated back then. We said maintenance should come in-house. It happened. We wanted integrated control centres. They’ve happened. We wanted train operators and Network Rail to have properly aligned interests with slimmed-down bureaucracy. It’s happening – new franchises match Network Rail regions. We also called for

INDUSTRY RESPONSE

Richard Bowker Chairman and chief executive, SRA

‘SRA staff should feel proud that their work has proved, beyond doubt, that this can be everyone’s railway, passengers and taxpayers alike’



joint ventures between Network Rail and train operators to run both track and trains. You’d have to be blind to ignore that this is the direction the Government is leading us. It is inevitable. It might not be in my time, but it will happen.’

Publishing *The Future of Rail*, Alistair Darling announced that the new structure would be customer-focused.

‘No-one’s ever accused Network Rail of being that before!’ quipped Eccles. ‘But Network Rail certainly isn’t Railtrack. It’s changed. It’s not even the Network Rail of 18 months ago. I for one will give them the benefit of the doubt.’

The SRA is less sure. ‘There is a real danger of Network Rail lacking accountability,’ said a senior source. ‘The DfT will need to kick into a private company, checking its direction, challenging its

INDUSTRY RESPONSE

Ian McAllister Chairman, Network Rail

‘For Network Rail, the hard work continues. The White Paper has clarified responsibilities and given us all a sure footing on which we must build. Everyone at Network Rail will roll up their sleeves and get on with the job’



business plans. That would take a change of attitude not seen within the Department in the last 50 years.’

The SRA has every reason to feel bad about the Government’s choices. It put forward an alternative strategy, and the Government disliked it so much that it is sweeping away the entire organisation. Richard Bowker, despite having praise heaped upon him by Alistair Darling, clearly felt his position as chairman was untenable. He leaves in the next few days.

The SRA has operated to some extent outside the Whitehall vacuum, in which officials seem divorced from the commercial world of the real railway. The SRA’s expertise in tackling rail issues will be sucked back into the Department, where SRA officials fear it will be stifled.

Look at the Portchester station platform farce (see News, page 8). Would the Department have the right culture to challenge Network Rail’s outrageous price of £725,000 for laying a few tons of concrete? Would the Department be in a position to haggle, bully and cajole to find a more acceptable price, as the SRA has done?

‘The Department’s just not commercially aware,’ said the SRA executive. ‘Nobody would have the commercial knowledge to tackle Network Rail. They’re not used to risk-based decision making. You won’t have a competent person driving the costs down.’

Graham Eccles is more optimistic. ‘The SRA does contain some good people. They will simply migrate into the Department. They won’t be lost,’ he said.

‘I know where the billions are to be saved. We have to change the way we approach projects, and change our aversion to risk. Now that won’t take months – it will take years. Our existing contracts are protected. For the next ones, tell us what the risk is and we’ll put a competitive price on it.’

POINTS AND SIGNALS

In the railway supply chain, Network Rail is the factory. It sells its product wholesale to the train operators, who retail it to passengers. By putting Network Rail in charge of the timetabling, it is controlling both the manufacturing and the delivery, leaving only the packaging to the Tocs. Not many industries operate that way.

There is a real possibility that we will end up with a similar industry structure to the one we had 10 years ago, but without the benefits. The infrastructure provider will again be in the driving seat, in charge of what sort of service the customer receives. Another Railtrack. Despite Darling's promises, it could so easily be a process-driven, engineering-led industry in which costs are not necessarily policed and best value not given.

The biggest winner from this process is clearly Network Rail. It gains the upper hand over

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Graham Eccles, Stagecoach

integrated control centres; it takes over timetabling and route utilisation. It becomes, in effect, all-powerful. The biggest loser is Richard Bowker, one of the few people in the industry who can claim to have made a real difference during his time in charge. His SRA was often accused of having neither strategy nor authority. That view was changing, but too late to save it from being swallowed up by DfT mandarins.

Will the review provide better value for taxpayers' money? Subsidy remains at five times the level British Rail received; last year the subsidy for each mile travelled by a passenger increased by 50 per cent from 5.3p to 8p.

Finally, all sides in this – Network Rail, train operators, SRA and unions – are in complete agreement over one key fact: passengers aren't actually going to notice any difference. Shifting responsibilities from one organisation to another will not in itself make trains more reliable, nor attract more travellers. If the customers can't spot the difference, then it doesn't seem likely to qualify as the successful seizing of a 'once in a generation opportunity', does it?

Paul Clifton is Transport Correspondent for BBC South

INDUSTRY RESPONSE

Keith Ludeman ATOC chairman

'The White Paper will help create a more joined-up railway and it recognises the key role of train operators as the best way to deliver benefits for passengers working in close partnership with Network Rail'



GREY SUITS RULE AS OPEN NECK ERA IS CUT SHORT

Richard Bowker's demise and the scrapping of the SRA signal the end of a market-based railway, argues Andrew Goodman

It all started so well. Richard Bowker's appointment to the top job in rail looked like a masterstroke. As he strode into Downing Street for a photocall with the PM, the young pretender knew he had the backing of the industry.

The prevailing optimism seemed well founded. His first Strategic Plan, delivered in January 2002, made a convincing 'case for rail', setting out clearly the need for public investment and what could be delivered in return. In contrast to the ill-fated Special Purpose Vehicles that had been the cornerstone of Sir Alastair Morton's policy, Bowker's blueprint seemed capable of encouraging a public-private partnership in rail.

Other new strategies, such as the programme to maximise route utilisation, simply added to the sense of purpose. But, as so often in the past, much of what was proposed failed to happen. The expectation of the early months soon evaporated along with industry support, leaving Bowker on the defensive.

So it was hardly surprising when, earlier this year, leaked reports suggested that the Transport Secretary Alistair Darling had lost patience with his man at the SRA.

A rearguard action by Bowker secured a few months' grace, but the die was cast. The White Paper merely confirmed the inevitable; Bowker was out and the SRA was yesterday's idea.

How did it go so horribly wrong, so quickly?

With hindsight, it is possible to see that the need for a strategic body to manage railways was already unnecessary by the time Bowker took over in December 2001. With Railtrack gone and the Government's policy on integrated transport effectively binned, much of the logic for a Strategic Rail Authority was junk. The trend for new private money being sucked into railways had already stalled long before his appointment. In effect, the management of railways had already switched from planning for growth to questions of controlling subsidy levels and propping up operators.

In such an environment, the need for the

massed ranks of SRA boffins looked more than a little silly. Add to this Bowker's inability to make friends and influence the right people and you have the elements for his demise. Just like Railtrack, the SRA tended towards a high-handed approach, if not arrogance. The tag of Stalinist Rail Authority didn't come about by accident.

So, what is the legacy of Richard Bowker and the SRA? On a human level it must be something of a personal tragedy. Bowker has been a remarkably hard-working head of the SRA, and to be ditched so unceremoniously must be a bitter pill to swallow. It is inevitable that, in such a position, you make enemies but to have those in government, whose dirty work he has so often had to do, undermine you so completely is especially odious.

But such is life; no doubt the financial compensation for his early departure will help to ease Bowker's pain. Personally, I wish him well and hope that rumours that he is planning to turn his back on UK rail are unfounded. He still has a great deal to offer.

Despite that, I remain a critic of the course he plotted at the SRA, most of all the policy of having fewer and larger franchises. Under his regime, opportunities for smaller independent train operators diminished, as illustrated by the downfall of the high-performing Anglia franchise and the seemingly unstoppable rise of the industry giants, like First Group and National Express.

Ultimately, what matters most is how the implosion of the SRA has left the industry under the heel of the Department for Transport and the favoured Network Rail.

It's a recipe from Hell's kitchen – a future where train operators are impotent and powerless to improve the track infrastructure they rely upon and powerless to improve the stations they serve. Add to this Hobson's Choice the prospect of things getting worse once Network Rail extends its influence over timetables and operations, and it is hardly a rail industry that I can have much confidence in.

With the industry once again geared up for state control, and priority given to managed decline of subsidy and services, it's no wonder that there is no place for the Strategic Rail Authority. I only wish there were.

Andrew Goodman, Industry Editor

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