All change for the trains? Further evidence for the Williams Review

I wrote the minority report on how to introduce private capital into the nationalised railway when I was in government. I proposed keeping track and trains together. The majority went with the idea of splitting the ownership and management of track from trains. This just happened to be the EU view, which became a requirement. My main objection to the split was it created a massive monopoly track and stations provider which would be unresponsive to the ultimate customers, the passengers, and not especially responsive to the smaller and temporary franchise companies running the trains.

It was bound to lead to rows over who was to blame when a train is late. Was it poor track, bad signals, the requirements of the network provider? Or was it poor trains, driver problems or other issues from the operating companies? As I feared there were plenty of delays and plenty of disputes about who was to blame. Poor signalling and network management was often the cause, but so was poor labour relations by the train companies.

It was also likely to push the network provider back into the public sector. Such a large concentration of power invited Ministerial intervention. The perceived need to continue to subsidise the railways meant a stream of cash going from taxpayers to the industry, with the network provider likely to be lobbying. One of the main reasons nationalised monopolies often served their customers badly was the perception of their Boards and senior management that their customer was the government, not the people using the service or buying the product. They looked upwards for taxpayer cash and Ministerial directives. They did not look down to find out what customers wanted and to treasure their financial contributions.

I recommend that the government examine ways to reconnect track with trains under common management. That way the investment programmes can be compatible and co-ordinated, and passengers know who to blame for poor or insufficient service. The train company can be responsible for the whole experience, on the station, on the train and the train's performance on the track. They would have more incentive to make those smaller but timely investments in better signals, better information systems, short passing places and the like that could revolutionise train service reliability and add to capacity where needed. One of the big constraints on train traffic growth today is the nationalised network providers inability to supply sufficient train slots at busy times for more popular services.

The integrated companies in turn must not be unchallenged monopolies otherwise they too will be less responsive to customers and more minded to play political games around subsidy and government led structural decisions. The main rail company owning a given line or region of track would have to treat the track as a common carrier and be prepared to lease train spaces to rival companies. There will need to be an independent access regulator to ensure this is observed and practised fairly. Challenger companies should also have the right to add track to the existing network, again with suitable regulatory supervision of revenue sharing, safety and other matters. It is possible to design decent sized integrated companies that leave open competition between lines and services. The obvious case of East coast versus West coast mainline is not the only one. These lines should be owned by different companies.

Train companies will need subsidy in some cases. There needs to be clear rules over subsidy allocation. The things to avoid include a subsidy system which protects a fossilised service, keeping routes which would be better replaced by new services. It is also a danger that the maximum subsidy goes to the least used service, providing a perverse incentive to run unpopular services because they have always been services.

(to be continued)