



Lessons from rail and underground

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Outline

- Origins of the 2005 Railways Act - developing the HLOS and SoFA
- The London Underground PPP - a good idea badly implemented?
- Some common issues

The Railways Act 2005

- The history: the blank cheque underpinning the 1993 Act
- 'A public service, specified by Government and delivered by the private sector'
- The HLOS and SoFA: total railway, or just public funding?
- ORR's final role in determining outputs

The London Underground PPP

- LU specified output requirements and incentives in terms of capacity, availability and ambience
- A 30 year contract, leaving long-term asset management decisions to the Infracos
- Poorly designed risk transfer arrangements - and a badly drafted contract
- Weakness of Arbiter model when parties failed to engage constructively

Some common issues

- Can the strategy really be divorced from implementation? Swindon/Kemble; Jubilee line resignalling
- Can incentives ever be sufficiently well aligned to rely on markets for delivery? Problems of costing and local/central politics
- How effective can risk transfer be in the 'public services'? Railtrack, Metronet and the West Coast franchise