From the publishers of RAIL

Rail Review

Q2-2024 www.railreview.com

GENERAL ELECTION SPECIAL

A rail manifesto

Andrew Haines
Network Rail Chief Executive backs Great British Railways.

A competitive market
What rail freight needs to survive and thrive against road and air.

Rail fares reform
Experts push to accelerate the benefits of a ticketless world.

ANALYSIS, STRATEGY AND INSIGHT

RailReview Contents Q2 2024

RailReview

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Sir Keir Starmer and Rishi Sunak during the televised ITV election debate. GETTY IMAGES.


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RailReview

Dear *RailReview* readers and members...
RailReview is changing. From the next issue onwards, articles will be published online through a dedicated section on the *RAIL* website. This means that they will reach their audience in a more timely way, ensuring readers have access to fresh writing that is topical, relevant, and up-to-date.

You can already see the articles from this issue online. Go to *www.railmagazine.com* and look for the '*RailReview*' link in the top tab on the far right-hand side of the navigation bar.

That's not all. We know some readers also like to read such in-depth articles in print, so *RailReview* will now form a distinct section within each issue of *RAIL* magazine. Look out for the green-tinted pages coming soon that denote the content of *RailReview*.

RailReview members will also automatically receive subscriptions to the fortnightly *RAIL* magazine instead of the printed *RailReview* journal.

And for those members who like to experience *RailReview* in complete issues, the articles from *RAIL* magazine will be bundled together into digital issue collections for each annual quarter, and be available through the website.

Sign up for the *RAIL* email newsletters to ensure you are notified when *RailReview* articles and issues become available.

We hope you have enjoyed *RailReview* over the past ten years and found it essential reading. While this issue you now hold in your hands will be the last to be printed, it is not the end of the line for *RailReview*. We look forward to bringing its excellent analysis, strategy and insight for rail executives to a much greater professional readership, to better keep pace with the fast-evolving rail business.

HOUSEKEEPING

Useful notes and reminders to help you make the most of your *RailReview* membership or subscription.

Current Editorial Board members

The *RailReview* Editorial Board meets quarterly to discuss the content of the previous issue and to debate current focus points in the industry that warrant exploration in the next edition.


JACK BOSKETT/RAIL

Upcoming events

National Rail Awards - September 12 2024.
Venue: Grosvenor House Hotel, London.
www.nationalrailawards.com

Further information about upcoming events will be available on www.railmagazine.com.

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Sir Michael Holden RailReview Editorial Board Chairman

Q2 A manifesto for rail

We are in the last few weeks of this zombie government, as it slithers and slides inexorably towards a painful death.

What will the future look like for rail after the General Election? And more importantly, what would we like it to look like that is different from what we have now?

The *RailReview* Editorial Board has been attempting to understand what a new Labour or Conservative government might do with the railway, and to come up with what we think the successor must do to secure an industry that can better serve its customers - and thereby thrive. This edition is the result of that thought process.

Perhaps the first point to make is that rail should be considered key to the structure of whatever society the next administration desires to shape.

What has been lost, but could be regained, is public transport's place in connecting other government aspirations: for social cohesion, economic rebalancing, housing provision, access to education, and decarbonisation.

The outgoing administration has done little to deliver on a promise to tackle the increasing concentration of wealth in one corner of the UK, to the detriment of the rest. Recent population growth is overwhelmingly concentrated in the South East, driven by relative ease of access to work.

It looks quite likely that the next government will be led by Labour, although a hung parliament is a possibility, and we also must allow for possible Tory recovery towards polling day.

After a lengthy gestation period, we now have a Labour policy on rail which provides an indication of its thinking. In this column, I assess the merits of this and examine its areas of confusion.

I then summarise a possible Rail Manifesto of my own. But first, we need to ask ourselves what (if re-elected) a future Conservative government would do on rail policy.

Conservative rail policy

At the time of writing, nothing has been published to give any indication of what the Conservatives might do on rail if re-elected. However, we have the past 14 years' worth of direct experience to draw on, so it's not too hard to read the runes and predict what the future might hold.

The obvious starting point is the *Williams-Shapps Plan for Rail*, which outlined the Conservative government's approach to handling structural reform of the railway industry.

Published fully three years ago (a further three years after it had been commissioned), it was handily named both for its principal author and for the Transport Secretary who approved its publication at the time. It appeared to offer the white smoke for which the railway had been patiently waiting for so long.

Many commentators (myself included) observed at the time of publication that the document contained many inbuilt contradictions that would make for difficult implementation, and so it has come to pass. These probably boil down into two main problems.

The first problem was the apparent need for a strong guiding mind, coupled with structural simplification. This led naturally towards a much larger role for quasi-government bodies in the sector, with proportionately reduced private sector involvement in the taking of risk for reward.

> *"What has been lost, but could be regained, is public transport's place in connecting other government aspirations: for social cohesion, economic rebalancing, housing provision, access to education, and decarbonisation."*

In such a world, the future of privately run freight businesses and open access operators was uncertain at best, and possibly near terminal in most scenarios.

The second problem was the tension between HM Treasury's need for firm control over the cost base against the Department for Transport's desire for government to get out of the weeds of micro-management. Seasoned political observers can predict the outcome of such a tussle taking place behind the scenes, and so it has proved once again.

Williams-Shapps was probably the clearest exposition of government policy on railways as you are ever likely to get. But the two key issues I have identified above are probably the main reason why so little has happened over the past three years to give effect to it.

Undoubtedly, circumstances have combined to make it much more difficult to implement:

- The consequences of the pandemic for revenue and franchising.
- Brexit.
- Repeated changes of Prime Minister, Chancellor of the Exchequer, and Transport Secretaries.
- Rapid inflation leading to the longest industrial dispute on record.
- The anointing of a Prime Minister in Rishi Sunak who is openly hostile to rail, and who was determined to seek his revenge on Boris Johnson's *grand projet* by curtailing HS2 at the first opportunity.

So, what does the future hold for rail if the Conservatives were to be re-elected for a further five years?

My view is probably a lot more of the same, especially if Sunak remains as Prime Minister.

It's possible to see a scenario in which things get even worse: the absence of a clear strategic approach to the economy in general, to transport as a whole, and to rail in particular suggests more muddling through, accompanied by ongoing dither and delay.

The past 14 years have shown that decisions on such fundamental issues as fuel duty and fares are taken within the

A Greater Anglia passenger train crosses over the M25 at Brentwood. There is a serious imbalance between government support for road and rail, as well as in the concentration of wealth between the South East and the rest of the country, argues Sir Michael Holden. ALAMY.

Treasury for nakedly short-term political reasons, with no regard for environmental or transport objectives. Over time, this has led to a serious imbalance between road and rail. I see no reason why this is likely to change after the election.

But a new Conservative government led by Sunak could be emboldened through a fresh democratic mandate to become more radical in its anti-rail agenda. The desire to reduce the ongoing subsidy to the industry, by focusing on cost reduction to the exclusion of revenue growth, could become even more marked.

This could lead to a major showdown with trade unions, in the style of the miners' strike in 1984-85, resulting in a prolonged shutdown of the industry.

I don't think it's fanciful to see this leading to staff being rehired after the shutdown on revised terms and conditions, in a similar way to how the Air Traffic Control dispute in the USA was resolved by Ronald Reagan in 1981. In such a scenario, many less-trafficked routes might never reopen.

An additional worry for rail is that any future Tory government will have even less expertise in rail than the current one, with the decision of Huw Merriman to stand down.

Labour rail policy

Getting Britain Moving, despite its grand-sounding title, is Labour's new rail policy rather than a transport policy.

It sits alongside an announcement made two weeks earlier on asserting local control over buses, but there is still no overarching transport policy at the time of writing.

But while transport was not a high priority for Labour as it built its manifesto for the coming election, there is at least a nod in the document to show how the new rail policy is designed to assist with the five national missions laid out by the leadership.

Most of the attention of mainstream journalists was given to the headline policy of allowing existing franchises to conclude and then be taken back in-house. This was immediately badged, of course, as renationalisation. In reality, it's not too far removed from today's position.

The policy has five underpinning principles for Great British Railways (GBR) and six outcome objectives for rail. These are all virtuous, and some are even specific in terms of what will be done.

However, there is a lot of 'motherhood and apple pie' text in the document. I interpret this as meaning they still don't really know (or maybe don't yet want to commit) how they would convert grand ideals into tangible outcomes.

In summary, Labour's prescription for rail builds heavily on the existing Williams-Shapps proposals. GBR is the centrepiece of the structural reform, along with some grown-up proposals to rationalise the alphabet spaghetti of railway organisations, and to adjust the role of the Rail Regulator.

The good news is that the architects of this policy appear to have read previously published independent work on rail reform. They have twigged that freight and open access operations are vital issues that need very careful handling in any attempt to adjust the roles and responsibilities of the key players, and to simplify industry procedures.

Commendably, there is a short section on each. The first of these gives an absolute commitment to private sector freight operation, along with safeguards to guarantee fair access to the network.

The section on open access is less explicit, suggesting behind-the-scenes differences of opinion that weren't quite resolved before finalisation of the policy.

I quote: "Open access services introduced by independent operators to use spare network capacity to supplement existing contract operators will remain where it adds value and *capacity* to the rail network. Open access operators *can* play an important role within a rail system." (My emphasis).

These two sentences read like they have been edited by a committee. Capacity has been misunderstood in a railway context. Extra trains do not add capacity to the network, they consume it! They may add ➤

➤ extra seats, but there was already the capacity for that before they existed. And the word "can" in the second sentence explodes the uncertainty which lies within this whole rail policy.

Here's the rub: railways are complicated systems, and the devil really is in the detail. It's impossible to devise the legislative changes required to support a reformed rail system until you are absolutely clear what outcomes you want to achieve.

Labour must decide whether it really wants to support open access operators or not. If it does, the access and regulatory framework needs to be devised to enable this, not hinder it. And if the support is half-hearted, then it would be better to eliminate open access and devise a simpler system where all passenger services are specified and delivered by the public sector.

We have seen over the past two decades how crucial the Treasury is in terms of blocking or enabling the funding for policy proposals and individual projects brought forward by the DfT.

Treasury ministers' first priority is to control public expenditure, and its Green Book approach tends to reign supreme when assessing rail proposals.

Public pronouncements by the Shadow Chancellor have been clear that Labour proposes to live within the same fiscal constraints with which the current government is clearly struggling.

It is therefore entirely possible that an incoming Labour government will find itself without the fiscal headroom to enable it to progress many of the initiatives proposed in Labour's policy document. It's always easier when in opposition!

Lest all of the above might sound critical of Labour, this is not intended as such. It is commendable that the party has come up with a policy document with some flesh on it.

As we all know, it's pretty tricky to come up with a sensible and workable proposal for a revised industry structure and incentives, because every option we can come up with has its pros and cons.

My manifesto for rail

I have distilled my possible rail manifesto down into just nine simple points.

1 Track and train together?

"Track and Train Together" was a central building block of the *Williams-Shapps Plan*. However, I'm one of a diminishing number of independent commentators who don't see this as a one-size-fits-all solution.

There are parts of the network where this could work well - for example, c2c and Merseyrail. Equally, there are other parts of the network where it wouldn't necessarily be a good fit. And at the other extreme, there are the heavily interworked main lines for which such a method is unlikely to work well.

My own preferred model would keep the infrastructure provider part of GBR separate from the infrastructure user parts of GBR. I would also create a separate organisation within GBR, within which experiments with restoring vertical integration would be led.

The first candidate for this could be Merseyrail. This would involve removing the infrastructure management element of Merseyrail from the main part of GBR, while requiring it to follow the standards laid down by a Technical Authority remaining within the core.

2 Great British Railways

The existing government is proposing to create something called an Independent Rail Body out of the formal structure of Network Rail Infrastructure Ltd. Many observers have expressed concerns that this will lead to the rather monolithic NR culture carrying across into the new arrangement, which will morph into GBR.

In an exclusive interview with Philip Haigh for *RailReview* (see pages 10-15), NR Chief Executive Andrew Haines says he gets angry when people say this. He argues passionately that the existing NR culture is a creature of the purpose for which NR was created, and so if the purpose changes the culture will change with it.

I understand why he says this, and I believe that the senior leadership at NR is trying hard to change the organisational culture towards one that is more customer-responsive and less risk-averse. But the task is like trying to turn a super tanker round 180 degrees - it can't be done quickly.

His argument is that NR is being abolished, not embellished with additional responsibilities. This is a nice line, but I remain concerned that putting a corporate entity with a strong history as an engineering-led, risk-averse business at the top of the new railway industry structure represents a significant risk to the new order.

It inverts the natural arrangement of customer-facing businesses being at the top of the supply chain, and in so doing risks those businesses which actually earn the revenue being seen more as contractors, rather than the customers they really are.

To avoid GBR developing into an 'NR Mk 2', I consider that it would be a better approach to reduce the role of NR to infrastructure provider (an internal supplier, if you like) to GBR.

The role of System Operator will become a really important one, and should be kept organisationally separate from the business of infrastructure maintenance and renewal. Likewise, the management and development of stations should become a separate activity outside of NR but within the GBR family.

3 System Operator

This gets a separate heading because I believe it needs to become the centrepiece of the new organisational structure. It should be beefed up considerably to become the long-term home of four main activities:

- Rail utilisation strategy.
- Long term network and capacity planning.

Scotland is an example of where concession agreements let by devolved local authorities represent an excellent model for urban, suburban and regional services, says Sir Michael Holden. ScotRail 380105 approaches Prestwick Airport with 1234 Glasgow Central-Ayr service on September 11 2022. STUART FOWLER.

■ Medium-term capacity allocation.
■ Short-term (annual and less) timetable production.

All of these are of vital importance to the effective functioning of GBR. They all require the judgement of Solomon to handle the myriad and complex trade-offs between running trains and maintaining the railway, and deciding how capacity on any particular route can be optimised with all the competing demands from varying operators to run on it.

This organisation should attract the brightest and the best people the public sector can find.

4 Regional devolution

There is lots of evidence now available to suggest that concession agreements let by devolved local authorities represent an excellent model for urban, suburban and regional services. These work well where there is a powerful and informed regional transport authority in place. Think Scotland, Merseyside and London.

If we want to copy this elsewhere, the challenge becomes to beef up regional transport authorities which currently have less real power, but where clear political leadership is possible.

The obvious candidates are Transport for the North and Transport for West Midlands. I would also carve out the inner-suburban parts of most of the remaining London commuter franchises and pass these to Transport for London.

5 Long-distance passenger

Opinion remains divided as to the role Open Access has played in preventing a workable timetable being created for the East Coast Main Line, such that the recently created additional capacity could be effectively exploited.

Lumo's Martijn Gilbert is clear that open access operators are not the problem in themselves, instead seeing conflicting access rights and the lack of effective consideration of freight paths as bigger issues. Certainly, the role of the existing Network Code in inhibiting the ability to flex timetable path allocation is one key issue.

But most independent observers (myself included) would consider open access to have brought benefits to passengers on the ECML much greater than any incremental timetabling complexity they may have caused. I hold this view despite my history as a former chief executive of the franchised long-distance operator on this route.

With some adjustments to the framework around open access provision, I think it should be possible to gradually move to a position where the majority of long-distance passenger services are provided by operators carrying full revenue and cost risk for their activities, thus reducing the necessity for the state-run GBR to be pre-eminent in this space.

A long-term solution could see a suitable public sector operator remaining in place to operate residual services and act as Operator of Last Resort, to deal with any failing businesses.

It might take 15 years or more to get from here to there, but it seems likely to result in more dynamic and innovative businesses competing among themselves and with air and road, to the advantage of passengers.

6 Residual passenger

Some service groups will not fit either the long-distance or suburban models.

For the foreseeable future, these will need to be let by GBR as concessions. And wherever possible, I would equip these with revenue incentives in addition to the quality ones we currently have.

Such operators may not be able to handle full revenue risk. And given recent history, this may not even be desirable. But a model must be found that encourages service improvements as well as cost reductions through effective incentivisation.

Such a model has not been found while these businesses have been under DfT control, so this is an important task for the fledgling GBR team in its early years.

7 Freight

Freight is the one unqualified success of the post-1994 railway. This success is all the more remarkable in having been achieved despite a fairly hostile industrial environment.

Tim Shoveller at Freightliner and John Smith at GB Railfreight are two of the brightest and most entrepreneurial railway executives around. They make clear in exclusive interviews with Paul Clifton for *RailReview* (see pages 28-32) that just three smallish changes would make all the difference to their ability to invest in the growth of rail freight:

■ Create a more level playing field for road and rail by electric traction incentives that mirror the impact of the fuel duty freeze in place for the past 14 years, and by reducing track access charges so that they get closer to the road equivalent.
■ Provide for much longer-term access rights, unlocking investment in new and much more efficient traction.
■ Commit now to the 'no regrets' list of electrification infill schemes, while developing a longer-term trunk route electrification programme exploiting the lower cost possibilities enabled by the suite of recent challenges to electrification standards

On their own, these three initiatives would be sufficient to drive a step-change in the dynamics of the rail freight market.

In the general scheme of railway finances, they would represent little more than a rounding error on costs. They would also free up capacity on the main trunk routes, because electric-hauled freight can run much faster than diesel and thus squeeze between passenger trains more easily.

8 HS2

The decision to have an earlier election than legally required is potentially good news for HS2. It means that the current administration has not had sufficient time to get on with the process of selling land required for the next phase of the programme. It also means a new government could make a rapid decision to proceed with the London tunnels and Euston itself.

Whatever becomes of Northern Powerhouse Rail, building the terminus at Euston and the early construction of Phase 2a as far as Crewe fit into my manifesto as easy decisions to make.

Euston is required to make any kind of sense of the Aston-Acton shuttle, and to remove the existing bomb site.

And Phase 2a is the simplest element of the whole railway to construct while simultaneously delivering the biggest bang for the buck - significant improvement in journey time and capacity to Manchester and the North West, while unlocking the main north-south freight artery for growth.

9 Access agreements and regulation

Last, but by no means least, is the really important enabling backroom stuff.

You only need this bit if you want to retain private sector freight and passenger operators. But I think these are important to the future success of GB rail.

Two main changes are needed:

■ More flexibility to flex schedules, whether for freight or passenger, to optimise the use of capacity on congested sections of the network.
■ Access rights to be granted for much longer periods of time, to enable major investment decisions to be made.

When a second attempt is made to deposit a Railways Bill in the next term of Parliament, look carefully to see if these two measures are there. If they are, the future should look brighter.

One thing needs to stay the same, though: the independence of the Rail Regulator to protect the access rights of third parties is critical and must be retained. ■


Vote for one option.
Joe Smith
John Citizen
Jane Doe
Fred Rubble
Mary Hill
BALLOT
BOX
ALAMY.

A manifesto for the railway's future...

No significant decisions about the future of the railway will be taken before the General Election.

And if there is a change of government, no big decisions will be taken in the aftermath either. A new administration will be too busy getting to grips with running the nation.

In short: political paralysis preventing meaningful reform.

No one thinks there will be more money. Everyone expects HM Treasury to retain a vice-like grip. And everyone expects the Department for Transport to continue to micro-manage the industry.

So here is an informal Manifesto for Rail: we ask industry leaders and opinion-formers for their realistic demands of a new government.

It's not a dream wish list, but an agenda tempered by economic and political reality.

We begin this final printed edition of *RailReview* with an in-depth exclusive interview with Andrew Haines.

He leads both Network Rail and what he hopes will become Great British Railways. And he sets out what he needs from a new administration to enable his vision to succeed.

This is one more variation on a theme that has appeared in many issues of *RailReview* since its inception a decade ago, and frequently since 2018: what can railway leaders achieve without the 'help' of political masters who don't seem keen to prioritise railways?

Fearing the Draft Rail Reform Bill, rail freight operators warn: "Don't forget us!" They tell us their guaranteed access to the network has been left out of the legislation.

"I have no rights," states Freightliner's UK Chief Executive Tim Shoveller. "That destroys my ability to invest."

GB Railfreight Chief Executive John Smith adds: "The structure is not there. With Great British Railways, we will be dealing with a bigger monopoly supplier that is also trying to run passenger trains."

Open access operators welcome endorsement of their unsubsidised private sector services by both Labour and the Conservatives, even as their parent groups may face losing larger contracts when they run out.

"We need to work with Labour to better understand its policy document," says Arriva's David Brown, with commendable diplomacy.

FirstGroup's Martijn Gilbert puts it: "For us to be successful, we need Network Rail to be successful. That is down to government."

We ask what leadership is needed to reform the selling of fares. Ticket offices escaped a brutal axe in 2023, but surely change is both inevitable and essential.

And we try to grasp the complexities of the twice-postponed capacity increase on the East Coast Main Line. In many ways, it is a shambles symbolic of the railway's paralysis - with so many competing actors on the same crowded stage, the show just didn't work.

We also examine the challenge of a looming 'retirement bulge' among train drivers. What can the sector do to broaden its recruitment horizons and attract the next generation of railway professionals?

To round off this issue, we look *Behind the Mask* with one of Network Rail's brightest stars, in what has consistently been our most popular feature. ■

RAIL 996.

RAIL 1009.

RAIL 1008.

A "passionate believer" in Great British Railways

Network Rail Chief Executive ANDREW HAINES believes the industry needs to change after 30 years of stagnation, and tells **PHILIP HAIGH** why he believes GBR offers a "legitimacy to be an engine for change"

Network Rail's abolition is coming, as the headline act of the greatest change to Britain's railways since privatisation 30 years ago.

NR will make way for Great British Railways, the independent rail body (IRB) that features in the draft Rail Reform Bill being examined by the Transport Select Committee.

That draft bill is the product of a Department for Transport headed by a Conservative transport secretary, Mark Harper.

But there's also a place for GBR in Labour's recently announced plans to reform rail.

With both major parties in Westminster agreed on the need for an independent guiding mind, the railway seems on course to embrace GBR.

But here's the rub. GBR will be formed from Network Rail Infrastructure Limited, which is the current owner and operator of almost all of Britain's main line railway network. This prompts the obvious fear that it will merely be NR 2.0.

When *RailReview* meets NR Chief Executive Andrew Haines in early May, he's clear and blunt: "There is no transition. It's an abolition."

He adds: "I know people don't believe me."

GBR will be acting under new instructions from the transport secretary, and will have a new licence to run the railway. It will be responsible for passenger services run today by private operators under contract to the Department for Transport and by those run directly by the DfT through its Operator of Last Resort. Passenger services in Wales and Scotland already sit under those countries' governments, so the bulk of the change falls in England.

It's the area where Conservative and Labour diverge in view.

Labour would bring all English operators' owners under GBR (hence DfT) ownership as their private operators' contracts expire. This means nationalisation, with track and train both owned and operated by the state's GBR.

Conservatives would keep private operators, and talk about returning to the privatisation model of holding competitions to select the best bidder. GBR would provide an overarching guiding mind to integrate their activities with the future infrastructure operator.

Such competitive contracts (franchises) held sway until 2020's COVID pandemic saw passengers disappear overnight. DfT rescued operators by putting them on emergency contracts in which government took all revenue and paid a small fee to those operators.

Haines dismisses any notion that GBR will be merely a rehashed Network Rail.

"Network Rail is a regulated infrastructure provider and co-ordinator of the network. It is regulated according to licence and it does its best to discharge the requirements of the licence," he says.

"The idea that you replace the licence with a different licence, and you replace the financial incentives with different financial incentives, and Network Rail carries on regardless, frankly is the sort of (dare I say it) lazy thinking that is another manifestation of why our industry is as it is."

He continues: "Network Rail is a creature of the architecture that it fits in with. I meet thousands of fabulous people in Network Rail who are frankly sick and tired of being told they are useless just because our system doesn't work as a system. I get very angry when people are prepared to criticise the Network Rail culture as if somehow that's the choice of the people that work there.

"If fulfils a function that Parliament has set out and the regulator has set out under the licence. Yes, sometimes we get things wrong within that, and I'm the first to be very critical about that when we do. But, overwhelmingly, Network Rail's culture is a consequence of that framework.

"So, you change the framework, and you change the culture."

It's that simple?

"It is absolutely that simple," he replies.

The need for change comes from a review conducted by Keith Williams before the pandemic. Government published it as the *Williams-Shapps Plan for Rail* in 2021, with the transport secretary of the day - Grant Shapps - inserting his name into it.

It said: "To truly secure rail's future, there must be radical change. The railways lack a guiding focus on customers, coherent leadership and strategic direction. They are too fragmented, too complicated, and too expensive to run. Innovation is difficult. Incentives are often perverse. Some working practices have not changed in decades. There must be single-minded efforts to get passengers back. In short, we need somebody in charge."

The Plan proposed ditching franchising in favour of passenger service contracts, promising "strong incentives for operators to ➤

"Network Rail is a creature of the architecture that it fits in with. I meet thousands of fabulous people in Network Rail who are frankly sick and tired of being told they are useless just because our system doesn't work as a system. I get very angry when people are prepared to criticise the Network Rail culture as if somehow that's the choice of the people that work there."

➤ run safe, high-quality, punctual services, manage costs, attract more passengers and innovate".

Introducing GBR, it said: "Great British Railways must be a new organisation, with a new culture and customer focus, definitely not just a bigger version of Network Rail.

"Just as with operators, it will be incentivised to improve customer service, maintain a safe network and attract new passengers. It will have a completely new role, with specific responsibilities to its passenger and freight customers and a clear remit to reform the can't-do culture and inflated costs that exist across the sector."

The breaking point had come in May 2018, when new timetables quickly collapsed, exposing flaws in the way Network Rail and train operators delivered service improvements following infrastructure upgrades.

This remains a problem, with two failed attempts since then to introduce a new East Coast Main Line timetable. The most recent was abandoned in spring 2024, as it became clear that delivering operators' ambitions for December 2024 was impossible.

Between track and train, rail companies work collectively on new timetables. Haines is at pains to stress that timetables are not Network Rail productions.

"When we as a sector have difficult decisions to take, our ability to splinter is really quite… not just frustrating, I think it's damaging," he explains.

"That's why, following May 2018, we created this industry PMO [project management office]. And that's why we ensured that those big timetable changes go through that process.

"It isn't Network Rail that has some sort of veto. The Network Code is very clear - we don't have a right of veto. We couldn't possibly say that you can't go ahead with this, because we don't have any legitimacy to do that."

Referring to the recent decision to ditch December 2024's ECML timetables, Haines says: "The reason the PMO said that's not the right thing to do was because, by then of course, you're left with no time to do anything."

This isn't the first time this has happened. Haines notes: "That was the heart of the May 2018 problem. Because of, in that case, late notification of infrastructure shortcomings, operators didn't have time to properly plan and resource their timetable and then really scrutinise available resource to that revised timetable.

> *"How different today is the Network Code from the access conditions that were hastily cobbled together in a nine-month period in 1993? The answer is that they are virtually unchanged."*

"If we'd followed normal industry process, that's what we'd have done this time. We knew there were going to be conflicts, and those conflicts would almost certainly have resulted in appeals.

"Even if those appeals could have been heard in time, there would have been no time to properly resource the base plan. It's one of those areas where the industry system does not work for significant change if there isn't consensus."

Failure to deliver improved timetables does not just deny passengers better services, it also fails to deliver any sort of return on the money that government spends on upgrades. In turn, this could see such funding cease.

Haines cites the ECML as one example, but also notes that the railway is not delivering the 24 trains per hour through Thameslink's core that it promised in return for major government spending.

Nor is it delivering the 4tph promised over the Ordsall Chord in Manchester. This example is not entirely the railway's fault, because Ordsall was planned in conjunction with work to improve capacity along the Castlefield Corridor, complete with two extra through platforms at Piccadilly. Government declined funding for this, which left the job half done and Ordsall Chord unable to deliver its promise.

Yet the privatised railway has delivered radical timetable change following major infrastructure improvements.

It might be 20 years ago, but Virgin West Coast brought its 'VHF' timetable into use after Network Rail completed its modernisation of the southern end of the West Coast Main Line.

More recently, ScotRail planned new timetables following NR's electrification of the Glasgow/Edinburgh/Alloa triangle.

It did this under close gaze from Transport Scotland (the Scottish Government's transport department).

Keith Williams and Grant Shapps at Waterloo in 2021, for their delivery of the *Williams-Shapps Plan for Rail* that introduced Great British Railways. DFT.

And, of course, delivery of the West Coast Route Modernisation was hugely helped by the Strategic Rail Authority providing a guiding mind to give clarity and direction. This extended as far as having Midland Mainline (the franchise operating London-Sheffield) run London-Manchester services via the Hope Valley, to maintain direct trains while Manchester's WCML routes were closed for work.

Which suggests that GBR is one answer, while the other could be DfT more closely co-ordinating the work of its subsidiary (Network Rail) and the train operators it has under contract.

DfT has had these powers over track and train since ministers abolished the SRA in 2004, but it hasn't effectively used them.

So, to the question 'why GBR?', Haines responds: "Because the industry tends to fracture, that's why. It doesn't need GBR, that's a perfectly valid point, except that 30 years on, virtually nothing has changed.

"The proof of the pudding is in the eating. How different today is the Network Code from the access conditions that were hastily cobbled together in a nine-month period in 1993? The answer is that they are virtually unchanged.

"How different is Schedule 8 today from its first year, which I think was in wooden dollars? I think it was in 1995, or it might even have been 1994. Virtually unchanged because a deeply contractualised model of working gives lots of people the rights of veto, and it takes a lot of momentum out of change.

"That's why I'm such a passionate believer in GBR. Not because you can't notionally change the system currently, but because all the evidence is that the system hasn't changed."

Yet, in itself, GBR doesn't mean the fractures and tensions will disappear. They will remain, but will simply be hidden behind the overall brand. This suggests that while GBR is necessary, it's not sufficient to drive the changes the *Williams-Shapps Plan* wants.

Haines says: "For GBR to do it properly, you would need to make changes to some of the regulations. You would be able to rationalise a lot of the tensions within GBR - not all of them, of course. You'd then be left with a smaller subset of issues. And you would have a guiding mind that was capable of developing alternatives and making the case for that in a way that is much harder for any individual to do that currently.

"So, you're right. It doesn't solve every problem by any means, and it would be absurd to suggest it does. But what it does is that it gives a capability and a legitimacy to be an engine for change in a way that we manifestly haven't done."

The gist of the simplification that Haines wants to see comes by moving away from contractualised rights.

As currently structured, train operators (passenger, open access and freight) apply for rights to run trains. The Office of Rail and Road adjudicates to grant those rights, and it directs operators and NR to enter contracts to give effect to those rights.

Some rights are 'firm', which means that NR must accommodate them on the network. Others are 'contingent', which means that they should be accommodated if there's space.

The heart of the ECML's problem appears to be that there are

"What business, what service, is better served by not understanding the true net cost of its decisions? And yet for 30 years we have not had that in our sector. Nobody has done it. The DfT has never consolidated it. OPRAF had no reason to consolidate it. ORR had no licence to consolidate it. It's never been held anywhere."

Andrew Haines notes that Schedule 8 not only compensates operators affected by unplanned restrictions or delays, but in a perverse quirk it also compensates operators that cancel services if they have a shortage of drivers.

more firm rights than the line can cope with, hence the difficulty in pulling together a timetable that satisfies everyone.

As Haines notes, the current model allows operators to appeal to ORR, which takes time. This model is not designed to satisfy everyone. Appeals may be rejected, and there's no guarantee that ORR would grant rights in the first place.

A move away from contractualisation will worry freight and open access operators sitting outside the GBR tent. They are concerned that they will be squeezed out by a GBR prioritising its own services.

MPs on the Transport Select Committee recently quizzed ORR Chief Executive John Larkinson about access rights, as they dug into the detail of the Rail Reform Bill.

He told them: "On overall certainty for freight, it comes back to the interface with the integrated rail body [GBR]. To my mind, it is the classic big guy and little guy type of situation in the regulatory setting.

"You have a very large organisation with, potentially, a lot of power. They are going to publish a document and call it an access document. What is going to be in that document? Is it going to have different priorities? Is it about allocation of capacity? The point is that it must be about allocation of capacity and timetables."

Larkinson added that as the draft bill is currently written, ORR's role in approving access decisions remains in place.

MPs also heard from Rail Partners Chief Executive Andy Bagnall, who said: "It is absolutely clear that there is a potential danger for conflict of interest between Great British Railways and Great British Railways contracted operators and other users of the railway infrastructure. There has to be stability so that people have confidence to invest."

Rail Freight Group Director General Maggie Simpson added: "If [the bill] makes it much easier for the IRB [GBR] to change the access rights of private companies, that is a real concern."

Haines suggests that freight's concerns might be overstated: "I'm not sure there's anything in the draft bill that freight could really object to, in that there's no change at all to the Access Management Regulations - so all of their protections are still there."

He adds, correctly, that government has proposed a rail freight growth target. It did this in December 2023, with the target being a 75% increase in freight moved by 2050.

At the time, DfT said: "It is critical that the full industry, as well as Network Rail (and the future GBR), plays its role, collaborating where appropriate and taking the necessary steps to deliver rail freight growth. By setting the target, the government is providing confidence for industry to take ambitious steps and to further invest."

It cited its investment in Oxford station and its support for work to remove a bottleneck at Ely as evidence of its commitment to rail freight.

Northern 331023 and 331012 approach Ordsall Lane Junction in Manchester on March 26, with the 1156 Blackpool North to Manchester Airport. The Ordsall Chord (immediately above the train in the picture) was planned to improve capacity along the Castlefield Corridor, but that has not been achieved after the Government switched off funding with the job half done. It is one of a number of projects where timetable changes have not been delivered TOM MCATEE.

➤ Haines says of freight and open access rights: "I think you can give them protection. And, frankly, you can negotiate with those parties. They will have contractual rights. There will still be an independent regulator, but what you're not doing is applying that to every train because it applies to 10% of the trains or whatever.

"There are large parts of the network where freight is not very much, and there are large parts of the network where there is unlikely to ever be open access."

This suggests that it will be GBR operators that have to flex to accommodate the rights of operators outside the tent. But, as Haines notes above, GBR should be able to negotiate over rights.

He explains: "If you look at the East Coast Main Line timetable, GBR might say, entirely hypothetically, there are two freight trains that couldn't be accommodated.

"GBR might try and have a commercial negotiation with those freight operators to say 'Do you still need those rights? Could we move you somewhere? OK, there's an additional cost, but we could compensate you for that.'

"You could have a meaningful conversation in the way that you can't currently have."

While Haines is not explicit, this suggests more flexible charging might be coming for operators outside GBR.

Traditionally, when it conducts its five-yearly periodic reviews of Network Rail spending, ORR sets access charges. These look set to continue for GBR's infrastructure arm, but the result might be a set of charges that provide a ceiling in negotiations between GBR and operators outside its remit.

Taken to a natural conclusion, GBR and freight operators might strike a deal that entails access charges being waived for a particular train, to see it run on a less congested route or at a quieter time.

Part of this answer lies in the combined profit and loss accounts that GBR is expected to run. This combines the costs of track and train.

Haines explains: "The P&L model gives you choice. It doesn't tell you what to do, it gives you informed insight into the consequences of your decisions. At the moment, absent it, then we make infrastructure decisions without understanding the consequences for operators, and the movement of passenger and freight trains and vice-versa.

"That is bonkers. What business, what service, is better served by not understanding the true net cost of its decisions? And yet for 30 years we have not had that in our sector. Nobody has done it. The DfT has never consolidated it. OPRAF had no reason to consolidate it. ORR had no licence to consolidate it. It's never been held anywhere."

He suspects that part of the reason it's never been done is not just that there was no incentive to do so, but that there was actually incentive not to.

As he says: "If you're Network Rail wanting to do something that will cause pain to an operator, why would you transparently say that this is going to cause you more pain?

"If you were chasing a revenue line as an operator and didn't want to be exposed to the true costs, the infrastructure costs, why would you even look at it? You'd just give yourself guilty knowledge."

There's a link here to performance regimes - particularly Schedule 8, which compensates operators affected by unplanned restrictions or delays.

It's so called because, according to ORR: "Network Rail's performance regime is contained within Schedule 8 of track access contracts (for both freight and passenger services)."

It adds that such a regime is a legal requirement of 2016's Access & Management Regulations which set out how ORR, NR and train operators agree network access.

ORR goes on to explain that Schedule 8 exists for three reasons. The first is: "To reduce train operators' exposure to losses that arise from delay and cancellations that they cannot control, by compensating them for losses incurred as a result of delay." This reduces their level of risk from operating and investing in the industry.

It then explains: "The original intention of Schedule 8 was that, for franchised passenger operators, this ultimately reduced the cost to taxpayers by reducing the risk premia that firms include in their franchise bids."

The other two reasons for Schedule 8 are to give NR on one side and operators on the other financial incentives to reduce delays.

Haines argues: "Schedule 8 was never a performance regime. It was a revenue compensation scheme. It was the necessary means of protecting franchises that were on revenue risk from a potential loss of revenue because of performance detriment, and that's why Network Rail carries all external risk.

"Not because Network Rail is the best people to manage that external risk, but because it was the way of backing off the implications for franchisees taking revenue risk. But we're still left with all that architecture without anybody taking revenue risk."

He reckons GBR's proposed P&L provides the route to improving performance: "If you have that P&L model, you still have the incentives to chase performance improvement without having the Schedule 8 architecture in place, with all the perversities of that where, much of the time, most of the money is being paid for reactionary delay, not for the primary cause of the delay."

Haines is essentially arguing that Schedule 8 has not kept up with the times.

Andrew Haines is Network Rail's chief executive. He's had a long rail career, starting with British Rail, but he ran the Civil Aviation Authority through most of the 2010s. He says his best rail job was running South West Trains, where he was managing director. In this job, he introduced new rolling stock and a brand new timetable that quickly cut delays. This stock included Class 444s which SWT publicly launched with a 'Fab 444' play on the nickname for the four-piece The Beatles. Rigged appropriately in May 2004, Haines names 444018 *The Fab 444* at Waterloo. PAUL BIGLAND.

"The system needs fundamental reform now, because the brilliant news is that governments are still keen to invest in the railways. The bad news is that the railways are pretty rubbish at giving the government the return on its investment, as currently structured."

It arrived when the network was less crowded. But as more trains appeared, the balance of delays shifted the primary to secondary. In other words, the proportion of knock-on delays from the original incident grew.

He says: "If reactionary delay increases because of the complexity of driver diagrams or shortage of drivers, or a service pattern that means you end up with very extended platform occupation at big terminal stations, then (at the moment) under Schedule 8, the consequence of all of those things go to the instigator of the primary cause of delay, be that Network Rail or the operator.

"Perversely, an operator that is short of drivers, that has complex diagrams, gets financially rewarded for that through Schedule 8."

Put another way, the operator that has 'caused' the secondary delays by (for example) not employing enough drivers to produce resilient crew diagrams receives a financial reward.

Haines adds: "Schedule 8 was never intended to behave like that. But that is the effect of an industry that hasn't been able to regenerate itself, so is using a 30-year-old revenue compensation architecture to nominally incentivise performance."

He puts forward a passionate case for change. It's built on a conviction that Britain's rail network has outstripped the model on which John Major's government privatised it in the mid-1990s.

This was the time of rail's lowest level of rail patronage for the whole of the 20th century. In 1995, the railways recorded 735 million passenger journeys. In the final year before COVID struck, rail recorded 1,753 million journeys.

But if Haines is right, rail could push beyond this if the industry can deliver services that make the most of infrastructure spending from governments that is aimed at increasing capacity and capability.

Privatisation, says Haines "was a model that assumed managed decline or stasis. It did not allow for significant growth. It didn't allow for government investing so it didn't deal with those fundamental issues."

He argues: "That is why the system needs fundamental reform now, because the brilliant news is that governments are still keen to invest in the railways. The bad news is that the railways are pretty rubbish at giving the government the return on its investment, as currently structured."

With the clock in his Waterloo office ticking towards 1700 on the Friday of a Bank Holiday weekend, Haines concludes: "I am a passionate advocate of the GBR model - not because it solves every problem, but because it gives the guiding mind and a simplification of contracts, which are the two biggest things we can do - under the integration of track and train - to allow our industry to continue to grow and flourish.

"Absent sorting those three things, I'm not sure why Treasury would continue to invest significant money in rail enhancements given our track record of under delivering on the benefits."

He adds: "I'm driven by the circumstances having changed and what the railways are required to do. What the railways are required to provide for our economy means that we can't continue to think that a model designed at the low point of rail patronage is the only or best way to deliver for this country." ■

■ This interview was conducted before the Prime Minister announced the July 4 General Election.

Great British Railways

Andy Bagnall
Chief Executive, Rail Partners

The sense of frustration that comes through Andrew's interview at the failure to reform the railway is one shared across the industry and more widely. Private operators also share much of his analysis - but with some important provisos.

The public is not that interested in how our railways are structured or organised. They just want trains that run on time, that are not disrupted by strikes, and fares that offer them the best value for their journey. They also want to know that 'someone is in charge' when things go wrong.

So, there is broad consensus across the industry on the need to create a body which delivers joined-up thinking between train operators and the manager of the tracks and infrastructure. The freight and passenger train companies that Rail Partners represents have been calling for a new integrated rail body to act as a 'guiding mind' since the industry's original submission to the Williams Review over five years ago, and are urging whoever wins the election to move forward quickly.

By reuniting track and train in Great British Railways (GBR), arm's length from government, a holistic view of the railway can be taken that leads to decisions with the customer at the forefront, which is crucial for growth. A single profit and loss (P&L) account covering infrastructure and most operations will help to align incentives across the system and have a positive impact on reliability.

However, as Andrew acknowledges, if this body is to be built out of Network Rail for purely practical reasons, then culture change will also be absolutely essential. There is a genuine risk that we become an engineering-led railway, rather than focusing on attracting the passenger back to re-grow revenues and balance the books. To achieve culture change, GBR will need to look outward to customers - and simply changing the framework will not make that inevitable unless the new incentives in the system are at least as powerful as those they replace.

Private train operators have always been a key component in delivering a thriving railway. Most recently, they have a track record of contributing to growing the railway in the two decades prior to the pandemic, during which passenger numbers doubled and a large cost to the taxpayer turned into an operational surplus for the Treasury. A single P&L alone will not in itself replace the powerful incentives felt by the private operator to grow passenger numbers. Effectively harnessing their commercial drive in the new operating model will be critical.

And while Schedule 8 clearly has flaws and needs updating for a more integrated body, it is not clear how improvements to performance across the system as a whole will be driven without the operator acting as the 'grit in the oyster', pushing the infrastructure manager to do better, with concomitant penalties for falling short.

Lastly, a system of redress will still be needed for open access and freight operators that will sit outside GBR's P&L. It's imperative that GBR acts in a non-discriminatory way that doesn't favour its own contracted operations, given that it will be naturally incentivised to do so. The current performance regime acts as a helpful tool to identify where those non-GBR operators will rightly require compensation for performance failures caused by others.

As Andrew says, we must get reform right if the railway is again to deliver its full potential for the country. The detail matters.

Alex Robertson
Chief Executive, Transport Focus

Everyone I have spoken to since joining Transport Focus (TF) agrees that rail reform is needed. Reading Andrew Haines's comments reinforces why this is the case: a fragmented structure, incentives that drive the wrong behaviours, and decisions being made in silos - or not being made at all. He makes a compelling case for change.

As part of our evidence to the Williams Review, TF identified core criteria that we wanted any new railway structure to deliver. Fundamental to this was the ability to deliver a consistently reliable service, and a cultural shift designed to put the customer first and to give them a voice in the decision-making process.

The Rail Reform Bill is currently undergoing pre-legislative scrutiny by the House of Commons Transport Select Committee. The legislation seems to do its primary job - it creates a single body that can integrate train services and infrastructure under a unified management structure. It should also allow for a single set of incentives so that all parts are pulling in the same direction. This 'guiding mind' concept doesn't guarantee a more reliable and efficient service, but it does give the industry a better chance of succeeding.

The new structure could also help change the railway's culture. Andrew Haines is right to emphasise the importance of this. He's also right when he says that culture is partly a function of structure - if you incentivise an organisation to focus on assets, then you can hardly be surprised when it does so. The move towards Great British Railways could change that - individual parts would no longer just look at their costs or revenue, but take a whole system approach and (hopefully) make a better overall decision.

It's easier to change culture in a brand-new organisation, but using Network Rail Infrastructure Limited as the building block for GBR is an understandably pragmatic solution. It avoids the need for all Network Rail employees, contracts and assets to be transferred into a new entity.

However, it will be important that it acts as a new body, with a new approach and brand. Andrew gets this (he couldn't have said it more clearly), but the challenge will be making the change stick in practice. Targets and incentives that focus on improving passenger satisfaction will be critical - the best judge of a service being those who use it. It also means engaging with passengers to hear what they think and want - for example, people with a lived experience of disability having a say in the design of rolling stock. One of the themes coming out of our research is a real desire from passengers for their voice to count.

The Rail Reform Bill is one part of a wider jigsaw. It offers some clarity, but even on the most optimistic timetable it will take time before we see its benefits. We need to make sure everything is being done to improve customer experience in the meantime. For example, increasing punctuality, improving the flow of information during delays, simplifying ticketing, making Delay Repay easier to claim, and improving personal security and journey planning information - particularly for people with disabilities.

A relentless industry-wide focus on these improvements will make a real difference while we wait to unlock the wider benefits of reform.

Darren Caplan
Chief Executive, Railway Industry Association

Andrew Haines is right to highlight that UK rail needs a future model which plans for growth, rather than 'managed decline' or stasis. Whichever party wins the next General Election, the country clearly needs a fresh start when it comes to rail policy, and the political consensus is finally settling on Great British Railways (GBR) as the way to tackle the current lack of strategic direction and fragmentation.

The Railway Industry Association (RIA) wants to see reform happen soon, and in a planned way, to provide much-needed certainty to everyone involved in the railway. Removing delays to reform means providing direction over the future structure of the sector and its leadership, which would provide a significant boost to business investment confidence.

Back in 2022, RIA set out five tests for Great British Railways to be a success.

One of the tests is 'ambition'. Andrew Haines rightly draws attention to the current government's 75% freight growth target, which we know is crucial to decarbonise transport and decongest roads. For passenger rail, today we have a railway that is almost back to the historically high pre-pandemic ridership levels. Further, RIA has commissioned independent expert analysis in the *Steer Report* which shows passenger demand for rail is set to grow between 37% and 97% by 2050. That is a huge revenue opportunity to seize - but also a huge challenge to plan for.

Andrew Haines is also correct to point out that culture is so often the product of industry structures, so changing the framework is a once-in-a-generation opportunity to reset the culture. 'Partnership' working is another of our key tests for GBR - being an open and accessible client.

RIA has also highlighted the need for a smooth transition to GBR, and 'no hiatus' in work (another one of our tests), which is crucial to value for money as well as business confidence. We therefore support the pragmatic decision to use Network Rail's legal entity as the basis for Great British Railways. This seems to be the best way to minimise disruption, because it avoids the need for a costly and complex transfer of supply chain contracts to another body.

For reform to be effective, getting the relationship right between the Department for Transport and GBR is fundamental. The interview perfectly demonstrates the huge complexity of today's railway and all the interfaces that need to be managed. Rail reform has the potential to reset responsibilities, and is a huge opportunity to shift the DfT's role back to strategic oversight and holding to account.

For GBR to be a success, there needs to be a clear and credible long-term rail strategy, so Government can establish direction and support certainty for wider investment.

RIA has set out its proposals on what is needed to deliver a low-cost, net zero railway by 2050, highlighting that unless there is a multi-decade view, we will continue to fail taxpayers and the railway's customers (passengers and freight) and waste the talents of its skilled workforce.

Just as Andrew Haines argues that we need GBR because "all the evidence is that the system hasn't changed [without structural change]", RIA believes there needs to be a legal requirement to publish a comprehensive long-term strategy for rail, and accompanying requirements in the GBR licence for a visible pipeline of work.

RIA's final two tests for GBR are 'transparency' and 'productivity', which go hand in hand - being clear on future plans with suppliers is a prerequisite for them to plan their own investments in skills and innovation, which also unlocks efficiencies.

Everyone agrees there needs to be a clear and ambitious strategy. But are we all brave enough to take the plunge and make this the lasting legacy of reform?

Passenger demand is set to grow - representing a huge revenue opportunity but also a logistical challenge. This is a busy Waterloo station in December 2023. ALAMY.

Lumo 803001 arrives at Newcastle Central forming the 1525 Edinburgh-King's Cross on August 6 2022. Lumo is one of three open access operators on the East Coast Main Line. ANTONY GUPPY.

Opening up to new passenger workings

The Conservative Government has approved new open access operators. Labour says it will retain the concept if it wins the General Election. **PAUL CLIFTON** hears from current and prospective operators

“Open Access is fairly ‘Marmite’ within the industry,” explains veteran advocate Ian Yeowart.

He founded Grand Central in 1999 and plans to launch two new routes in 2025.

“There are people who would rather see a very straightforward clockface timetable, convinced it would attract new customers to the network,” he adds.

“There’s no evidence to show that. An operationally led railway is not necessarily a good railway for passengers. They are driven mostly by price, and competition is good for that.”

It’s an observation borne out by others in the big concessions. Open Access folk get in the way, soak up capacity, reduce timetable flexibility, and poach passengers… according to those who don’t run them.

But these niche markets work. They are popular, packed and profitable, selling seats at competitive prices and priding themselves on better customer service than their larger rivals.

“Competition delivers choice for passengers and drives up standards, which is why we continue to make the most of Open Access rail,” says Rail Minister Huw Merriman.

Labour’s policy document states that Open Access “will remain where it adds value and capacity to the network”.

It adds that future applications will be decided “on the basis of an updated framework and guidance issued by the Secretary of State”.

That doesn’t quite answer the question: will they be a cure or a curse on a less-fragmented future railway?

“We need to work with Labour to better understand its policy document,” says Arriva Managing Director UK Trains David Brown, diplomatically.

“It supports Open Access where capacity is available and where it adds value. We need transparency about the tests that will determine those things.”

But Lumo, Hull Trains and Grand Central can feel more secure, even as their parent companies - FirstGroup and Arriva - face removal from their much larger concessions under a Labour government.

“I think the present significant support for Open Access will probably water down if there is a change of government,” says Yeowart.

“But I think it will still be there. We are a very London-centric society. The outlying towns and cities that don’t have direct services to London feel it acutely. When one is offered, it is very quickly important to them.

“Open Access generally serves these Labour heartlands a long way from London. The government sees it is doing no harm to the system - passengers like it. We get approached by MPs of various parties asking if they could have a train service. If only it was that simple!”

Martijn Gilbert, managing director of both Lumo and Hull Trains, notes: “It is not an accident that the East Coast Main Line is the only route that has not just recovered since the pandemic, but increased passenger numbers.

“That includes publicly owned LNER. Even with the addition of Lumo, there has been very healthy growth on the subsidised operator. The right sort of Open Access clearly does benefit the whole railway.”

What do existing operators need?

“The number one requirement is that the infrastructure is reliable,” says Gilbert.

“Network Rail has faced unprecedented challenges. For us to be successful, we need Network Rail to be successful.

“That is down to government. Whatever Great British Railways looks like, it must enhance the right behaviours.”

Labour has been won over. Although the detail remains unclear, it has accepted the concept of Open Access.

And the Conservative Government wants more, backing the launch of three new services in the next two years - Stirling, Carmarthen and Wrexham to London. Plus, Lumo (London-Edinburgh) is expected to extend to Glasgow.

“Open Access provides excellent customer service, offers value for money, and uses capacity to connect places that would not otherwise be connected by national rail contracts,” says David Brown, whose Grand Central is a tiny part of Arriva’s rail portfolio.

“We see that in our operations across Europe, where there has been quite an expansion of Open Access competing against publicly provided services.

“The first thing we want is greater clarity on precisely what tests are being used to secure Open Access applications. We need to know the priorities and objectives - what is needed for an application to be successful.

“The second ask is for greater clarity from Network Rail or its successor on what capacity is available for use. It is often difficult for us to see what paths are possible.

“Open Access generally serves these Labour heartlands a long way from London. The government sees it is doing no harm to the system - passengers like it. We get approached by MPs of various parties asking if they could have a train service. If only it was that simple!”

Ian Yeowart, Managing Director, Grand Union Trains

➤ "The third ask is about greater speed of decision-making. It can take a very long time to get an Open Access agreement, and that makes it difficult for us to form an investment case.

"And on any application that is granted, it needs to be for long enough to secure investment in trains. We need a good run at it."

At Lumo, Martijn Gilbert is keen to ensure that future extra capacity on East Coast is allocated in a fair manner.

Lumo is the first operator to pay an additional level of track access, known as the 'infrastructure investment charge'. It pays more per passenger than the contracted Department for Transport operator.

"Key to this is the Regulator being appropriately structured," he cautions.

"The Labour document suggests the draft Bill from the Conservatives could be taken forward without too many changes, and we are pleased about that.

"We have moved a long way from the days when people claimed it was just about abstracting passengers and revenue. Most people are on Advance purchase fares for a specific train. That changes revenue allocation. It means fact-based decisions rather than relying on perceptions from the past.

"We need the right enabling legislation. If you are adding paths on a route, why would the default position be to give them to operators that need subsidy?

"We are applying to run to Sheffield. We are at the final stage of agreeing to extend to Glasgow. Lumo is focusing on modal shift from air to rail. It's a lean, mean, development machine that is not wrapped up in the bureaucracy of committees and complicated structures."

Open Access operators nearly always top the customer satisfaction tables. Lumo sits at 96%.

"At no cost to the taxpayer," Gilbert reminds.

"You could say we've done a bit of levelling-up. Hull had one train a day to London. It now has eight. Hull University will tell you it has had a 45% increase in applications from international students. Hull was European City of Culture in 2017. These would not have been possible without a decent train service."

Arriva's David Brown underlines the point: "Grand Central reaches places other operators don't. Sunderland to London is a big market for us. LNER is withdrawing its service because of low passenger numbers. That's probably because all the passengers are on our trains! We bring value to communities.

"We put in a lot of money to Grand Central during COVID, when we received no government support apart from furlough. We did that because it makes a profit for us in better times. It may be that there is a greater role for Open Access to fill gaps that the big contracts aren't filling."

Case study: Adapting the Open Access model

The Wrexham, Shropshire & Midlands Railway plans to run five trains a day between the North Wales town and London Euston from December 2025, with a journey time of three hours.

Train builder Alstom is a 90% shareholder in the venture - this would be a first step into operating UK passenger services. The early legwork is being done by the other shareholder, Midlands-based consultancy SLC Rail.

Submitting its application in March 2024, it promises services will attract new passengers rather than poaching them from existing operators. "Complement not compete" will be its mantra.

Going around Birmingham New Street on an alignment currently used only by freight trains, it will offer direct services to the capital from stations which do not currently have them: Wolverhampton, Walsall, Coleshill.

What does it require from government? Political air cover for a different style of contract.

"We are bidding for a seven-year contract," explains SLC founder and managing director Ian Walters.

"Typically, they are awarded for five years. We want the extra to link to investment in the trains. We will up the level of sustainability in them. We can't have new trains, because we don't have the lead time. I am not allowed to say what the train type will be."

It is safe to say that it is seeking the same trains as Grand Union. The list of options for trains that can run at speed along the West Coast Main Line is not long.

"Ultimately we want a 20-year contract," says Walters.

"We want to buy the remaining 13 years by a series of infrastructure projects. We are looking to build a new station in Shrewsbury, and we are looking at expanding car parks. That's £70 million to £90m of investment. We will need the years to pay that back."

That sounds similar to what Chiltern Railways achieved under the late Adrian Shooter. No surprise: Walters was Chiltern's financial director.

> *"The London trains will be a premium service, and we want to have a premium station offer, rather than just stop at existing stations that serve London."*
>
> ***Ian Walters, Managing Director, SLC Rail***

"We think that is how Open Access should work. The London trains will be a premium service, and we want to have a premium station offer, rather than just stop at existing stations that serve London.

"We are talking to local authorities. Birmingham has a service proposition for a rebuilt station at Aldridge on the freight line, but it is essentially a shuttle to connect to existing services. We want to

“From our experience, there has been a substantial shift in the way the market is behaving. On East Coast there is huge growth in leisure travel, and that is fuelled by additional choice and services.”

Martijn Gilbert, Managing Director, Lumo and Hull Trains

Yeowart adds: “There is no evidence to show there is any abstraction once the services have settled. If there was, LNER would not be doing as well as it is.

“Competition on the main flows, as Lumo has shown, drives up revenue. There were 33 trains a day to London from York when Grand Central appeared. That was 30 plus our three. There are now 48. So, Open Access has not led to the big franchise reducing its services.

“I used to be the manager of the travel centre at York in the early 1990s. You can buy a ticket to London now that is cheaper, in real terms, than it was then. And East Coast has by far the best customer service across the country. That is because of competition.

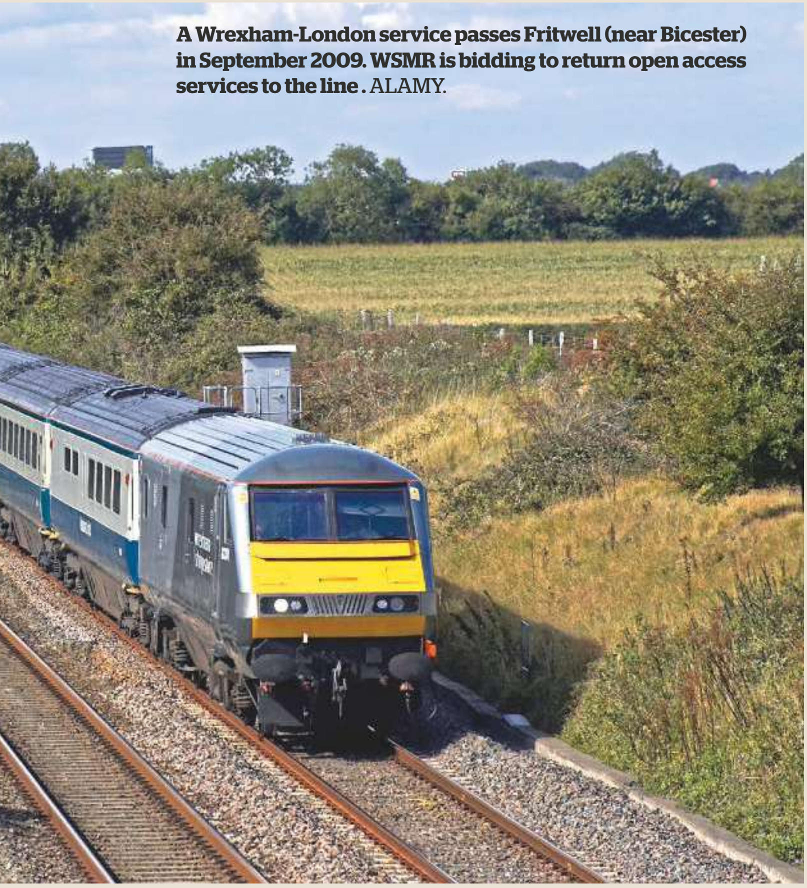
“York is prosperous compared with Sunderland and Hartlepool. But it’s easy to forget that, within that, there are people for whom £10 spare at the end of the week is a significant amount of money. Bringing travel opportunity to those people matters.

“If you can’t afford the train, it doesn’t matter what time the train runs. It’s not the timetable that drives people towards the trains; it’s cost that is key. The current government believes that we will drive the market through competition, and I am a free marketeer.

“What we need is stability. The ORR [Office of Rail and Road] has always done things through evolution, not revolution. We want that to continue.”

Yeowart points out that “the ORR is independent. Transport Secretary Mark Harper cannot pick up the phone to John Larkinson [ORR chief executive] and call for a service. I don’t think the process will change much when GBR comes along. It will take a few years.”

The parent group of Hull Trains and Lumo could soon get a dose of its own medicine. Having intruded on East Coast for 24 years, FirstGroup’s Great Western Railway is due to face first-time competition on the Great Western from Yeowart’s Grand Union service, running from Carmarthen to Cardiff, Newport and London Paddington.



A Wrexham-London service passes Fritwell (near Bicester) in September 2009. WSMR is bidding to return open access services to the line . ALAMY.

stop at Aldridge and provide direct trains to London. We think that will transform the business case for a station there.

“And obviously there is some pizzazz at the other end with Wrexham Football Club.

“Why wouldn’t we, in due course, provide charters for match days? There is a raft of business opportunities, and we think we will look a bit different from other open access operators.”

Alstom runs no trains in the UK. But globally, it has 50 rail operators and has managed services for 40 years. It runs trains in North America, Africa, the Middle East and Asia-Pacific.

“We think moving into UK operations is a growth area for us,” explains Darren Horley, Alstom’s mobilisation director for open access.

“Open Access gives us the ability to provide train services that are not specified or dictated by the Department for Transport. We are looking to step into the arena of government concessions when they emerge. But they will not become available for the next two to three years, and we want to get a foothold before then. We bring global credibility, and Open Access is the exciting way forward.”

Adds Walters. “Any third party trying to do anything on the railway faces a real challenge, because if I want to build a station, ultimately what that station looks like is decided by a bunch of railway engineers.

“We are trying to offer an alternative for people who don’t want Network Rail to deliver the projects. Local authorities have been rather disengaged from rail projects for years, and we see a role in getting them back.

“The response from train operators and Network Rail is along the lines of us getting in the way of any future transport aspirations they might one day come up with. Without saying what those aspirations are, they suggest it represents a potential loss of revenue to them.

“But that cannot be right. Because revenue risk sits with central government. It does not sit at operator level.

“A coherent decision-making body would be extremely useful.

“My concern about the ‘guiding mind’ element being sought from government is the extent to which that rules out innovative ideas from people outside the tent. If the industry is consolidated, then it is consolidated around the same group of people.

“Laing privately financed Coleshill Parkway station, got it built, and it is now owned by a pension fund. We’re going to engage with them to expand the car park, because we will have a 1hr 15mins journey time to central London from there, which is a fantastic opportunity.

“We need the industry to accept the concept of separately fundraising to finance railway stations.

“If we keep saying we can’t spend more taxpayer money on the railway, then we need more private money. The route to getting that just doesn’t seem to exist right now.”

Grand Central 180105 passes Offord Cluny (near St Neots) with a northbound service on July 25 2022. GC "reaches places other operators don't", says Arriva's David Brown. JACK BOSKETT.

➤ "I'll discuss that from the perspective of Hull Trains and Lumo," says Gilbert carefully.

"Be clear that the financial case for this sits with the Department for Transport. It's not for GWR or FirstGroup to be the decision-maker on this, given the way contracts are structured. It's the government's revenue risk.

"But from our experience, there has been a substantial shift in the way the market is behaving. On East Coast there is huge growth in leisure travel, and that is fuelled by additional choice and services.

"Drill down to station level. Newcastle and Leeds are similar-size markets. Newcastle has choice with Lumo; Leeds doesn't. The difference in recovery between the cities is large. I would say Lumo has proved beneficial to everybody, and we should be bolder and braver as an industry about where this leads.

"A future government should encourage more of it, positively embraced and less feared, as something that can play its part in the wider railway mix that drives innovation and keeps fares good value."

Brown contends: "We are building a case on Grand Central to extend the access rights. That will involve better trains. Labour sees contracts that expire going back into public control. For us, on Chiltern and CrossCountry, that is a little way away because we have reasonably long contracts.

"But in a reformed industry, we want a speedier process for what is very clearly required.

"Customers like Open Access because of the great service. That's why the trains are full. Other parts of the industry see it as a bit of a nuisance. But that's why we have a System Operator and a set of rules on bidding for paths, isn't it?

"We have to put customer requirements at the centre of this. The Open Access operators are popular and successful. Any new government needs to reflect that in the processes it puts in place."

Other open access services

The regulator is considering other long-term plans submitted for Open Access services.

FirstGroup subsidiary Lumo has requested permission to run between Euston and Rochdale from 2027, restoring a link lost in 2000.

This would provide an alternative service between Manchester and London, calling at Manchester Victoria.

FirstGroup runs the main Avanti West Coast service linking the two cities, which has struggled to maintain its timetable in recent years.

The proposed Lumo service, using new trains, would also call at Warrington, Newton-le-Willows and Eccles.

Virgin also plans to return to the West Coast Main Line, with up to four new services.

It has submitted proposals to operate between Euston and Manchester, Liverpool, Birmingham and Glasgow.

Two of the services would rely on train paths where the rights are now held by Avanti. As with Lumo, the Manchester trains would also call at Rochdale.

A spokesperson for Virgin Group told the *Guardian* newspaper that the applications were "just the first step towards exploring what might be possible".

Virgin Trains, which was run in partnership with Stagecoach, operated on the West Coast Main Line for 20 years before losing out to FirstGroup.

What do new operators want?

Open Access has never had it so good. Existing operators are now thriving, and the door has been opened for more.

Each seeks to exploit what it identifies as a gap in the market.

Grand Union Trains plans services from Stirling to Euston (skirting past Glasgow) and from Carmarthen to Paddington (bypassing Swansea). More could follow.

Plus, new entrant Alstom has resurrected the old idea of Wrexham to London, but this time bypassing Birmingham New Street and then along the congested West Coast Main Line to Euston, whereas a previous attempt ran to Marylebone.

"We hope we can introduce Carmarthen in the second half of next year," says Ian Yeowart of Grand Union.

"There are a huge number of coach trips between Cardiff and London, compared with anywhere else in the country. That is price-driven - the trains are expensive. We want to bite into some of that market.

"We wanted new-build trains, but we have been caught up in issues at Hitachi, where deliveries are delayed.

"Now there are off-lease diesels that we could access, so we are looking closely at Class 222s, which are very reliable. And there are some Class 180s. These are mid-life trains.

"And for Stirling, which would run under the wires all the way. Carmarthen is also under the wires a lot of the way. It would allow us to build the customer base while the new-build situation stabilises.

"We've spoken to the politicians and explained why we will have to start with diesel, because there are no suitable off-lease bi-modes or electric trains. The feedback is that they just want to see services started.

"We are also looking to a Cardiff-Edinburgh service. Five or six trains a day. We know the route is under-served.

"But there has not been an Open Access application which seeks to address overcrowding, which this would do on the core. There would be benefits each end, especially west of Gloucester. But it would introduce a lot of additional seats through the core."

How likely is that to happen?

"We have a 50% success rate with our Open Access applications," Yeowart responds. "Which we think is good.

"We tend to look at rail as being exactly the same everywhere. It isn't. On road, we understand that local buses and long-distance coaches are completely different markets.

"Local rail services should be run locally, for the benefit of the local economy. Inter-city services should benefit from competition." ■

The role of private finance

RUSSELL JACKSON argues the case for private investment to help deliver much-needed rail infrastructure projects

Regardless of which way the results fall, after the coming General Election big changes are on the way.

And while the leading parties may have different plans for the future of rail, whoever takes the reins will face the same problem. There simply isn't enough money in the public purse to finance much-needed infrastructure.

At the same time, the need for investment in rail is as great as it's ever been, with renewed focus on delivering greater connectivity, more robust services in the face of climate resilience, and the decarbonisation of our rail network.

The benefits of bridging this gap are broad and wide-ranging - from connecting communities and boosting economic growth to creating jobs and housing, as well as the positive environmental impact by reducing reliance on cars and other carbon-intensive forms of transportation (thus furthering the UK's efforts to achieve net zero).

It is therefore inevitable that there will be an appetite for private finance in some form.

There are echoes of the early days of the Blair years, when then-Health Secretary Alan Milburn claimed: "When there is a limited amount of public sector capital available, as there is, it's PFI or bust."

While private finance initiatives (PFIs) for UK infrastructure projects have largely fallen out of favour, this approach to investment and delivery is worth revisiting.

Private financing comes with increased costs compared with public borrowing, but was introduced with the expectation that this would be more than offset by the increased efficiency and schedule focus brought to the delivery of capital projects.

Despite those best initial intentions, in recent years we've seen too many publicly funded projects where any savings gained through public borrowing have been reversed through indecision, changes in scope, and through delays in planning, in consenting, and in delivery.

And the longer any process takes, the greater the expenditure and the longer it takes to pay it all back.

Infrastructure projects have also had to contend with the high inflation we've witnessed in the past few years, creating a new challenge. The laser focus on cost that private finance brings has been lost for a decade in UK rail.

There has been a long-held perspective in the UK that it's hard to turn a reliable profit on rail, which has disincentivised private investment in the past.

But look to the US to see such a project in action. In Florida, Brightline has blazed a path for private investment by becoming the first fully private passenger service in the US in over a century, with its Orlando to Miami line.

It has barely been able to keep up with demand since opening in autumn 2023. And now the company is investing billions in a high-speed rail line connecting southern California with Las Vegas.

Of course, the UK has its own unique frameworks when it comes to delivering infrastructure, involving government, planning, finance and regulators, so direct comparisons to the US can only go so far.

But certainly, the US's appetite for problem solving has clearly outpaced our own. We have been reliant on a pipeline that hasn't always had secure funding, rather than meaningfully asking how we can unlock this with a private investment element.

> *"For as long as there's little spending money floating freely in the public purse, private financing must have a part to play in the future of UK rail."*

Remember market-led proposals (MLPs)? The MLP process sparked great fanfare in 2018, but then stalled because every proposal required something from government to make it happen.

If projects worked entirely without government support, why would there be a need for an MLP process at all? MLPs are not free infrastructure for governments, nor can the ideas simply be taken from a private sector promoter and openly competed in a public procurement process.

Government must bridge the gap to make the market work and make private investment work.

Whether that is partially funding the costs, funding the development cost stage, sharing some of the risks, or enabling privately owned assets to be built on the UK network, unlocking the challenge would bring the investment that is desperately needed.

And guess what? Other infrastructure sectors are making this work in the UK.

Despite the lack of recent privately financed rail projects, there are private investments in nuclear energy.

And in water, the obvious example is Thames Tideway. Started in 2015, the 25km super sewer system has just finished construction, clearing up spills and sewage while providing a vital update to London's 150-year-old network.

Key to its success is that the project possessed a strong foundation from which to attract competitive capital in terms of size and customer base, resulting in a good contract, aided by a government support package and regulatory support.

By embracing private financing, this project was able to generate the upfront financing it required, while sharing the costs over many millions of households that will benefit from its effects - all while staying off the government's balance sheet.

There are many areas where these learnings could be applied when it comes to private investment in the UK's rail network.

A natural starting point would be the Southern Access to Heathrow project. Beyond the connectivity benefits to Heathrow and to the South West and South East of England, providing civil aviation with a much-needed boost as it continues to recover post-pandemic, the environmental benefits would be considerable - greatly reducing congestion on the motorways and providing cleaner air throughout the area. Heathrow Airport Limited has already stated its support as a preferred option.

The challenge, then, is ensuring that upcoming projects have the right structure to appeal to capital.

Fundamentally, this will require policy-level changes - in particular, a plan will need to be put in place to ensure governments are faster and more consistent when it comes to decision-making around infrastructure, especially concerning development pre-consenting, demand risks, and asset ownership and maintenance.

Funding needs to come from somewhere. And for as long as there's little spending money floating freely in the public purse, private financing must have a part to play in the future of UK rail.

The sooner the industry embraces that fact and takes the necessary actions to draw private investment in, the better we will be for it.

■ Russell Jackson is Global Transit Director for AECOM.

LNER 801225 races north on the East Coast Main Line between Huntingdon and Abbots Ripton with a London King's Cross-Edinburgh service on May 4. ALAMY.

We need to slow the East Coast down...

With Network Rail ditching the latest version of the December 2024 East Coast Main Line timetable, **GARETH DENNIS** argues the case for more trains stopping at more stations, to ease the ECML capacity crunch

On January 14 2020, amid speculation on the future of High Speed 2, Network Rail Chief Executive Andrew Haines sent a letter to the Department for Transport.

In it, he highlighted that each of the East Coast, West Coast and Midland Main Lines were essentially full, and that upgrades would provide rapidly diminishing returns in capacity, would be increasingly disruptive over multiple decades, and would not get close to the capacity release realised by the new north-south high speed line.

In unintentionally prophetic terms, Haines pointed out that there would be "significant" disruption if funds for HS2 were "re-allocated" to other projects.

Three years later, in the Prime Minister's speech at his party conference, HS2 was curtailed to a London to Birmingham shuttle and replaced by a short list of uncosted aspirations with little holding them together - bolstered by one or two larger programmes that were already under way.

Network North, as it was misleadingly named, has been pilloried elsewhere and I need not repeat this criticism.

But the cancellation of HS2's most transformative element is crucial to the story we are about to tell.

In April this year, the latest update to the East Coast Main Line timetable was postponed. This latest abandonment means that the timetable has been all but frozen since May 2021 - major updates usually issued every six months have been delayed over and over again, such that the next opportunity for a new timetable will now be May 2025, a full four years later, with no meaningful advantage for passengers (or freight customers) having been made of the capital investments made along the route over this period.

Network Rail Director of Network Performance Chris Curtis said: "Following lessons learned from introducing major new timetables, the industry steering group that oversees timetable introduction has concluded that there are too many outstanding issues to have confidence that the new East Coast Main Line timetable can be delivered robustly in December.

"We are all committed to working urgently together to find a way to deliver the benefits to passengers and freight users as soon as we can."

The ECML, Britain's fastest north-south inter-city route, was one of the first parts of the network to exceed pre-COVID passenger levels, with growth pushing overcrowding to extremes (as was the case before the pandemic).

There is a vital need for a new timetable to maximise the extent to which the railway can accommodate this growth.

So, why has it become impossible for the railway to create a new timetable that works for the ECML?

The answer, at its core, is all about complexity and capacity - and the conflict when you have too much of one and not nearly enough of the other.

Ultimately, we are seeing the consequences of the cancellation of HS2 playing out, just as predicted by Haines and essentially every other railway expert worth their salt.

Firstly, we need to understand the current state of play.

Despite the geographic simplicity of the route when compared with the West Coast, it has a complex mixture of passenger operators.

By a long way, most daily trains are London suburban services run by Govia Thameslink Railway under the directly awarded TSGN contract.

Flagship nationalised long-distance operator LNER runs most inter-city trains, but Hull Trains, Grand Central and most recently Lumo all run their own private, open access operations.

Regional and inter-city services are also operated by franchised East Midlands Railway and CrossCountry.

Nationalised TransPennine Express and (north of the border) ScotRail, run further inter-city and regional services.

This plethora of services operating on the line is bested only by the even more messy tangle of stopping patterns that these services employ, either to maximise journey times or to guarantee open access paths from the Office of Rail and Road.

Trying to serve flanking platforms on a two-track railway means leaving big chunks of space in the timetable, to ensure the following non-stop train doesn't catch it up.

This not only reduces the number of trains you can run over a given period, it also results in station calling patterns that are irregular and unfriendly for passengers.

And this doesn't just apply to small stations. In York, there can be three or more services departing in a very short space of time, as the non-stop service is followed in quick succession by stopping services trying to stay ahead of the next fast train.

Journey times are important. There is a proven link between ➤

"The pressure being felt within Network Rail's timetable planning team to negotiate these challenges and provide an improved timetable is significant - as evidenced by the number of people who have approached me under condition of anonymity over the past few months, describing highly stressful working conditions and the impending breakdown of the process."

➤ minimising journey times and maximising modal shift from road and (particularly along the London to Scotland route) air. Rail dominates aviation when journey times are less than four hours.

However, this is only part of the picture. In the rest of Europe, air travel accounts for between 2%-6% of long-distance travel, whereas in the UK that figure is 14%. Speed is not the only reason for this - high fares and overcrowding limit demand, and both of these are as a result of limited capacity.

The pressure being felt within Network Rail's timetable planning team to negotiate these challenges and provide an improved timetable is significant - as evidenced by the number of people who have approached me under condition of anonymity over the past few months, describing highly stressful working conditions and the impending breakdown of the process.

Within these testimonies, a single common complaint stands out: constant political meddling.

Rather than setting the objectives and stepping aside to let the timetable be constructed (an enormously difficult task requiring the uninterrupted focus of dedicated and skilled staff, incorporating the needs of countless operators and stakeholders), Department for Transport mandarins held frequent meetings and would propose adjustments that required additional work to either incorporate or dismiss.

More than one of my sources described these meetings and the suggestions they would throw up as 'unhelpful' - in less than polite terms.

The second commonality between testimonies was the immense complexity that open access operations added to the process.

Because of their rigid stopping patterns, necessitated by their operating agreement with the Office of Rail and Road, they act as a sort of solid line around which it is difficult to fit the incumbent services while still achieving the desired journey times.

On the West Coast Main Line, where there remain no open access services despite a succession of applications, services and their stopping patterns can be swapped and reshuffled to attempt to optimise the whole picture without a significant impact. Not so over on the ECML.

This is a claim that is fiercely disputed by Martijn Gilbert, FirstGroup's MD for open access operations, leading Hull Trains and Lumo.

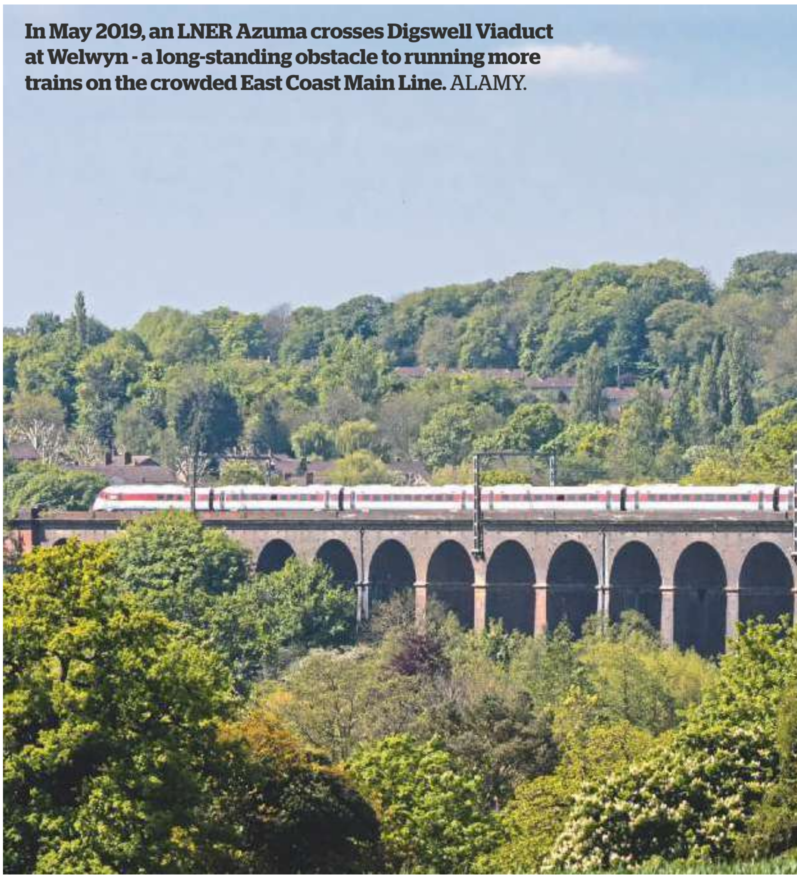
In a commendably robust conversation, he lays out his view of the problems: "Having had a seat at the table on the East Coast Timetable Steering Group, it is not open access that has stopped that timetable coming into operation. Far from it. The real cause of it is unsatisfactory performance modelling, and a risk from how the structure of that timetable has been developed.

This is a piece of work that started prior to the pandemic, and was then paused, then re-started again, paused again, and re-started.

"I can categorically assure you that open access is not the reason why that timetable has not come into operation. I can say that hand on heart."

Gilbert continues: "Lumo doesn't have a standard pattern timetable. It ducks and dives around gaps in the timetable and demonstrates huge flexibility. We run the very first train of the day from King's Cross to Edinburgh at 0530, and we run the last train in the evening back from Edinburgh at 1958, that gets into London in the early hours. And we make those trains work commercially.

"In Hull Trains, it would have impacted the broadly standard pattern of the timetable, with a few negative impacts on journey



In May 2019, an LNER Azuma crosses Digswell Viaduct at Welwyn - a long-standing obstacle to running more trains on the crowded East Coast Main Line. ALAMY.

times. But we sat down with the team in Milton Keynes for three days, and in the end we reached agreement."

However, it is also crucial to contextualise Gilbert's words. The current government is trying to front-and-centre open access operators as part of its new model for Britain's railways, repeating the common refrain that open access operators provide increased competition and better value for customers.

This is only true if they increase capacity and enable an overall reduction in fares, which I would suggest is (at best) difficult to argue.

Another argument is that the open access operators serve markets such as Hull or Sunderland that otherwise would not have regular inter-city services.

On the continent, open access on lightly used inter-city networks has arguably increased the quality and competitiveness of rail - for example, in Italy, where Italo competes with the incumbent Trenitalia high-speed services.

On a railway line running at maximum capacity such that no meaningful competition can exist, the services run by open access are either extractive or ought to be run by the incumbent operator anyway.

Putting these arguments to one side, both ministers and representatives of open access operations have been meeting regularly and more frequently over the past few months.

More importantly, given the likely result at the next General Election, open access operators are facing ambivalence from the Labour party, whose recent Getting Britain Moving paper suggested that open access operations didn't have a guaranteed future.

> *"The lack of robustness in modelled performance, problems for freight, the difficult working conditions, and even the constant political meddling aren't causes either. They are merely symptoms of the problem - a consequence of fighting over the scraps of unclaimed capacity remaining on an otherwise completely saturated major railway corridor."*

It is no wonder that any suggestions they are getting in the way of timetable planning are robustly batted away.

In discussing the challenges with the timetable, I spoke to several representatives in freight operations, including within Network Rail, who suggested that a major problem with the development of the now-scrapped timetable was that it had inadequately planned freight services, and in some cases omitted required paths entirely.

Gilbert validates this: “I don't think the foundations of that timetable, its construction and evolution, have delivered a particularly robust base.

“The real challenge has been freight paths, because those paths had not been included in any of the performance modelling.

“I can absolutely say that [the problems with the timetable development are] about lack of confidence in how that timetable has been structured, because it has been layered onto many things, affecting performance modelling and the robustness of freight paths.”

Despite there being a significant gap between the testimonies of some of those timetable planners and what Martijn Gilbert had to say, it is also interesting to note where there is commonality between them.

Gilbert continues: “There is huge pressure to get that timetable in. The minister has clearly said that after all that money has been spent on the ECML, we need to have something to show for it. It's unfortunate that things reached a point where the minister announced it in the Autumn Statement, before people warned that it was looking quite fragile.

“We cannot have a repeat of the debacle seen in 2018, and I'm afraid that is where that process was going. A lot of tweaks were being made, and I fear it needs a wholesale refresh from the start.”

Framed alongside the local service reductions at intermediate stations that the consulted iterations of the ECML timetable were proposing, Gilbert paints an image of a railway industry being harnessed to create press releases, not to move more people and goods sustainably.

He is not wrong when he says open access operations aren't the reason for the latest postponement of the timetable - they are more of a contributor to the challenges on the ECML than he admits, but not the single cause.

Incorporating the services run under open access into the incumbent inter-city operator would provide a major benefit for timetable planning, and for passenger simplicity, as well as removing revenue extraction. However, this alone would not solve the deepest challenge the ECML faces - extremely limited capacity.

Likewise, the lack of robustness in modelled performance, problems for freight, the difficult working conditions, and even the constant political meddling aren't causes either. They are merely symptoms of the problem - a consequence of fighting over the scraps of unclaimed capacity remaining on an otherwise completely saturated major railway corridor.

Further major engineering works could provide some relief, such as the relocation of GB Railfreight's facility north of Peterborough station onto the Peterborough to Lincoln line west of Glinton Junction, thus avoiding the slow crawl of trains entering and exiting the existing facility via Spittal Junction (no, the £200 million Werrington dive-under just up the line didn't solve this problem).

Remodelling of station approaches such as those north of York or at Darlington (both ongoing projects), and bi-directional signalling to unlock more parallel moves, may drag out additional limited capacity over the next decade and enable more timetable resilience. But as Andrew Haines said back in 2020, this is a case of rapidly diminishing returns.

The current government fallback to manage demand is the same that has been employed since the days of British Rail - and it looks increasingly ridiculous as global heating necessitates a critical need to drive modal shift from air and road to rail.

That fallback is increasing fares to limit those who can use the railways. This is simply unacceptable, and within the framework of the Climate Change Act 2008 may increasingly be seen as illegal as government drifts further away from the emissions targets set down by the act.

No. The only solution is to increase capacity. And with the reinstatement of the high-speed line between the West Midlands and the northern ECML looking increasingly distant, only one viable option remains to provide a significant boost to the number of hourly seats on the ECML in the medium term.

That option? Prioritising hourly train numbers over journey times, densifying the long-distance timetable by removing non-stop services, and exploiting the greatly improved acceleration of the latest generation of electric inter-city trains to make up some of the difference.

With all trains stopping at most stations, utilising alternating calling patterns, the number of hourly trains could be boosted. This would enable more seats, more modal shift, and no abandonment of smaller intermediate stations that has otherwise been the general thrust of timetabling over the past decade or so.

But even this is limited by platform capacity at King's Cross and the dreaded Welwyn bottleneck.

For the UK government to meet its own emissions targets, the railway needs to double (yes, double) its share of people and goods moved by 2040 at the latest.

This means an enormous leap in capacity that only radical change to rail services and significant, disruptive upgrades can achieve.

Further to this, if we are serious about giving the public choice about how they travel, then we absolutely must boost railway capacity to meet the significant demand on the ECML.

To break the timetable deadlock, and without High Speed 2 providing desperately needed relief any time soon, the East Coast Main Line needs to deliver capacity first, and fast trains second.

■ Gareth Dennis is an award-winning railway engineer and writer, as well as hosting the weekly railway *#Railnatter* podcast. He lectures on railway systems and safety for the Permanent Way Institution and is a co-founder of the Campaign for Level Boarding. Follow him on X (formerly Twitter) at *@GarethDennis*. ■

Freightliner 66504 is overshadowed by Ratcliffe-on-Soar Power Station as it arrives at East Midlands Gateway with a container service on January 14 2022. The company wants the guarantee of train paths from the Transport Secretary. JACK BOSKETT.

What rail freight needs to survive and thrive

PAUL CLIFTON hears from train operators, container port owners and supply chain experts about the paths that the government and the freight companies will need to take to help grow the sector

All the main political parties favour an increased role for rail freight. They've all said so, although they've been less forthcoming about exactly how that ambition will be achieved.

Labour wants freight to remain in the private sector, along with open access operators. The signs for the sector are therefore encouraging.

But in real terms, carrying freight by train is getting more expensive, while road lorries continue to benefit from a 14-year freeze in fuel duty (fuel is the sector's greatest cost).

It is not a level playing field. And one thing is clear: no election-winning politician will increase the amount of money handed to the railway.

That means change must come by levelling that playing field, according to the freight operating companies. They believe that can be done by changes to track access rights and to the amount they pay Network Rail for that access.

DP World, which operates Southampton's container terminal, is already encouraging modal shift by levying a £10 fee on every container that goes by road, and using that fee to lower the cost of each container that goes by rail.

Meanwhile, it is nearly a year and a half since the Chartered Institute of Logistics and Transport (CILT) came up with a lower-cost plan to electrify key freight routes, with added benefits for passenger services.

The link to London Gateway could be wired for £8 million, which it called "the lowest of low-hanging fruit".

Its entire project, covering 95% of UK rail freight, could be completed for £1.9 billion, roughly the same cost as the A303 road tunnel past Stonehenge.

It would equate to 100 million lorry miles a year, or two million train miles. Since then, CILT finds that "no visible progress has been made".

What can the rail freight sector reasonably ask of an incoming government?

THE FREIGHTLINER AGENDA

"The key to rail freight's future is to unlock growth of the passenger railway."

Tim Shoveller, who heads Freightliner, is in a unique position. For many years, he ran passenger services. He was managing director of South West Trains. Later, he ran a large chunk of Network Rail as a regional leader. Now he operates both freight trains and hundreds of trucks.

"It would be obscene to go to the government with a begging bowl for more money," he tells *RailReview*.

"The NHS, the schools, the country's fabric is clearly in huge distress. If we ask for more at the expense of others, we don't deserve to get a hearing.

"We need to make the money we already have work harder. The changes we need can be funded within the current industry budget.

"Everyone knows growing passenger revenue is the right thing to do. It cannot come at the expense of freight, so facilitate faster freight. That is the sweet spot that allows passenger revenue to grow, and rail freight to grow. That requires new bi-mode locomotives that accelerate and run much faster, releasing a lot of capacity.

"But I can't pay for that myself. I'm not aware of any rail freight company paying dividends to its shareholders. You can see from our accounts that we are not making money. If I don't make money, I cannot buy expensive locomotives. That is not tenable if we want freight to be sustainable. Customers won't pay more. The competition with road is so acute that everyone is losing."

This is where structural adjustment led by government is required, says Shoveller.

He warns that the Draft Bill to reform the industry structure, which is going through government scrutiny, requires change.

"We absolutely support the principle of Great British Railways. But there are some things in that Bill that are not quite right. In particular, the track access rights that freight operators have must remain sacrosanct.

"The Bill currently provides for the Secretary of State to instruct the ORR [Office of Rail and Road] to determine something, or indeed to override the ORR. In the context of access rights, that destroys my ability to borrow money and invest.

"How do I invest in a new freight terminal if I don't know that I will have train paths to serve it, should the Secretary of State decides to do something else with those paths?

"I have no rights, or my rights have been severely restricted, and therefore I cannot borrow any money.

"If they want private sector investment, then they must ensure, ➤

"Everyone knows growing passenger revenue is the right thing to do. It cannot come at the expense of freight, so facilitate faster freight. That is the sweet spot that allows passenger revenue to grow, and rail freight to grow. That requires new bi-mode locomotives that accelerate and run much faster, releasing a lot of capacity."

Tim Shoveller, CEO UK/Europe, Freightliner

➤ like landing slots at Heathrow, that track access rights for freight are protected - and ideally enhanced.

"The longer the track access rights are for, the more I can borrow. At the moment, they are for five to ten years. If government said ten years is a minimum, then I can borrow more money.

"Our Class 66 locomotives are getting towards 30 years old. New bi-mode electric locomotives cost three times what a Class 66 costs to run. If I am to invest, I increase my locomotive cost by at least a factor of three.

"I can't afford that. No freight company is making any serious profit. I have no pips to squeeze. The only way that sort of investment can be viable is if I have the track access rights to secure those locomotives against.

"That is the single most important requirement for Freightliner from a new government."

Shoveller's second requirement of government is a tougher nut to crack. He wants the playing field against road freight to be levelled.

Fuel duty has not increased for 14 years, driven largely by the political desire not to antagonise owners of the UK's 40 million private cars. Nearly every motorist is also a voter.

"That means the government is subsidising road freight," says Shoveller.

"Meanwhile, track access charges have increased each year by the Retail Price Index [RPI].

"If they want to freeze fuel duty, that's fine. But put track access charges to the same level they were 14 years ago, please. Then I can compete.

"Fuel is the biggest variable for road hauliers. Track access is our biggest variable. You can't hold one steady and allow the other to increase by RPI, and expect any outcome other than road freight getting cheaper and rail getting more expensive. You either tax lorries more… or bring our charges down. We would like to see track access charges drop by 50%. Put them back to where they were.

"The good thing for government is that costs practically nothing to Great British Railways. Network Rail's total income from freight is 1%. Reducing track access charges is no more than a rounding error in Network Rail's finances.

"It is affordable. It would fundamentally change our competitiveness with road freight. We would stand a chance."

There is little difference in the attitude of the two main parties towards rail freight. Both are positive. Does Shoveller think that positive language will transfer into action? Or are they just words?

"There is more the government could do. Nine per cent of UK freight travels by rail. In Germany, it is 19%. Do those two key changes, and we will grow up to 19% - and double rail freight.

"In Germany, the cost of the electricity for freight trains is held to the same price as diesel. That's a really pragmatic solution. It doesn't cost a lot of money, but it would mean I could invest.

"At the moment, it is cheaper to use a diesel engine than it is to use an electric engine. The electric engine not only has environmental benefits, it is much better for the railway as a whole. Electric trains break down less often - they are two to three times more reliable than diesel trains. Freight trains don't break down very often. But when they do, the railway stops.

> *"In the past, we have looked for competitive advantage. That doesn't work in this space. We have to look for collaborative advantage. There are more people in the supply chain who are willing to lean in a bit, and do the right thing."*
>
> ***John Trenchard, Supply Chain and Commercial Director, DP World***

GB Railfreight is eyeing up electric locomotives to replace the likes of its ageing Class 66 diesel-electrics. GBRf 66768 approaches Melton Mowbray with the 1028 Felixstowe North-Birch Coppice on October 9 2023. PAUL BIGGS.

"And electric trains accelerate much faster. You can solve the East Coast timetable problem if you use electric freight instead of diesel freight.

"If the trains on the ECML used electric traction, they would go along the network quicker, and get off the other end quicker, so the impact on passengers would reduce. My train planning team reckon this alone would solve the East Coast problems.

"Electric locomotives are £6m each to buy. There would have to be an incentive to the freight operators to use electric power, so create one! In the big picture, this is not expensive stuff.

"It would not take long to get more bi-modes. Think about the West Coast Main Line, where capacity is a big issue, and will become an even bigger issue when what's left of HS2 opens. A Class 66 train that we, GB Railfreight or Direct Rail Services use goes over Shap at 24mph. A Class 90 goes over at 75mph.

"The value of electric freight is in the released capacity for the rest of the network. This doesn't mean building new railway - it means making today's network run better.

"It would make room for the passenger market to grow."

THE GB RAILFREIGHT AGENDA

GB Railfreight doesn't always see eye to eye with the other freight operating companies - they are competitors, after all. But on the agenda for an incoming government, they're all on the same page.

"Labour and the Tories have both talked a good story about the growth of rail freight," says GBRf Chief Executive John Smith.

"They wouldn't say anything less, would they? No one is going to say rail freight is a bad thing. No one is going to say more freight should go by road.

"But the structure is not really there. We look for a framework that gives freight a security of tenure. A key relationship for us is our

> *"In 20 years' time, we have to be taking parcels into the cities using electric traction and delivered via electric vans. Otherwise, we are kidding ourselves about decarbonising."*
>
> ***John Smith, Chief Executive, GB Railfreight***

commercial contract with Network Rail, a structure that maintains our rights of access.

"From what I have seen, Great British Railways will have far more power in terms of how a timetable is written. I can only assume that the Operator of Last Resort will be subsumed within GBR.

"Take the East Coast timetable debacle. In 2016, the Government said it would invest to get more trains on the route. More recently, everyone on the route overlaid the passenger train demand, but forgot about us. It was only very late on that they suddenly realised that, when freight was added in, the whole thing didn't work.

"We have a legal right on the route. The Regulator acts as the police body around our right to be there. Arguably, in the new structure, we wouldn't have that.

"Normally, a private business would not want to be overly regulated. But we are dealing with a monopoly supplier, and with GBR we will be dealing with a bigger monopoly supplier that is also trying to run passenger trains.

"Why would it have any interest in us, unless we are protected by a legal right? I am looking for that to be far more robust."

Smith says the structure that has existed since privatisation 30 years ago "kind of works". It has led the private sector to invest in freight. But if the multi-national consortia that own the freight companies cannot see long-term permission to run services over the network, they won't stump up the money to buy new locomotives.

"We've taken a leap of faith and leased bi-mode locomotives," he says.

Thirty new Class 99s are on order from Stadler. The first will arrive mid-2025 and start work in 2026. Others will then be delivered at a rate of two a month, financed by Beacon Rail.

"We still benefit from red diesel. If I were a government short of money, I could remove red diesel and claim environmental benefit, meaning we pay the same price as road diesel. Because that would make electricity relatively cheaper, therefore forcing us to buy electric traction. Just make diesel too expensive for us!

"We could milk the 25-year-old Class 66 diesel fleet until it falls to bits, stop business development, strip the company of cash, pay dividends to our shareholders, and go.

"Or we could decide that we are going to be here in 20, 30 or 40 years' time, when the sustainability agenda will be even more important. Choosing the second option, the need to buy electric locomotives, is obvious."

Freight companies don't receive public money to run trains, but they do run over publicly funded track. Smith says there is a need to fund more effective capacity, including electrification of key routes and small new infrastructure such as passing loops.

"Lorries are not paying for the two grooves they gouge in the slow lane on the A14 through their road tax. There is indirect subsidy to road freight there.

"There's a reason why the charge for HGVs on the M6 toll road is so high that lorries choose not to go down it. It's because the damage they would do far outweighs the toll they would pay.

"And we've got to get the power supply. You've heard the rumours of the lights dimming in Morpeth and Lockerbie when trains go through? They're well-founded because the wires were put up cheaply - the green agenda has to be paid for.

"But if you back rail freight, you back a slam dunk. We have challenges, but underlying it is an inevitable upward trend.

"The whole market is worth £1bn-£1.2bn between the lot of us. While the total figure is flatlining, it masks some very positive trends. Coal used to be a quarter of it. We have managed to replace that 25% with other traffic.

There are some real innovations - carrying concrete tunnel segments, putting things in containers that were previously moved in bulk, DRS moving Tesco goods.

"High-speed parcels: for us, that doesn't quite work. Varamis is dabbling in that, right at the cheap end. But soon Amazon and the supermarkets will see they have to migrate to rail.

"In 20 years' time, we have to be taking parcels into the cities using electric traction and delivered via electric vans. Otherwise, we are kidding ourselves about decarbonising.

"We have to lobby intensively to get the right decisions, whoever ends up in government."

"IT'S NOT RAIL VERSUS ROAD"

"For us, it is not about rail versus road," says John Trenchard, supply chain and commercial director at port operator DP World.

"It is road and rail combining to make sensible economic solutions for our customers."

DP World operates two of the UK's three largest container ports: London Gateway and Southampton.

"In the past, we have looked for competitive advantage," says Trenchard.

"That doesn't work in this space. We have to look for collaborative advantage. There are more people in the supply chain who are willing to lean in a bit, and do the right thing.

"There is a whole load of international regulation coming on carbon reporting - incremental carbon savings. Not just for shipping lines, but also for consumer companies. Whether we like it or not, ➤

➤ we will have to do something about this.

"Rail is an immediate way to do it. We have to embrace this in the next five years - there is a window to better utilise the strategic asset of the national rail network. Beyond that, all sorts of new technological things will appear, such as platooning of trucking fleets on motorways. As a decarbonisation driver, rail is the right thing to do."

The Southampton terminal is experiencing a remarkable turnaround in its rail freight fortunes.

In 2013, one in three boxes coming through the port travelled inland by rail. That reduced each year until, in the first half of 2023, only one in five containers came by train.

DP World chose to intervene to distort the market. Any imported full box coming across the quay now faces a "modal shift charge" of £10. That £10 goes into a pool. If the container is taken by train to a railhead within 140 miles of the port, the pool pays out. For any boxes going a greater distance by rail, the £10 is refunded.

The 140-mile limit was chosen because DP World calculates that as the point where costs between road and rail meet.

"If it is only going by road, there is a cross-subsidy going on," Trenchard says.

"We have six months of data now, and we have seen the rail percentage go from 21% to 35%. We don't know whether that will stick, but it is moving in the right direction.

"We've taken over 13,000 journeys from road to rail and saved 4,500 tonnes of CO_2 - not with a technical innovation, but merely by differently utilising the supply chain assets that already exist, and letting customers make a choice about road or rail."

Trenchard says the 4,500 tonnes equate to the emissions of two million lorry miles, or twice the total carbon dioxide produced by the entire container terminal over the same period.

"Hopefully, this learning about modal shift ability is an important part of the narrative that can be fed to decision-makers," he says.

"We are merely making rail more attractive. It is up to the customer to make the choice. If there is a very urgent delivery that cannot cope with the rail timescale, then the customer will choose to go by road. If it is less time-sensitive, they can accept rail.

"Road is more flexible. If you book a road job for tomorrow, it can be done. If you try to book a rail slot for tomorrow, that is more problematic. It is more likely to be two or three business days slower.

"But look at the bigger picture. The customer perhaps placed an order 12 weeks ago for goods in China. Then shipped it ten weeks ago, and had an extra two weeks coming round the Cape instead of through Suez because of risk in the Red Sea. So probably there is enough time to schedule to use rail.

"We are asking customers to make plans earlier, so we don't have to keep playing Tetris with the boxes in the port."

Trenchard says more rail capacity will be needed, along with sufficient scale at inland railheads.

"For Southampton, there are not immediate bottlenecks. But with the growth ambitions for rail freight, that will change over time.

"For London Gateway, there is a capacity issue around London linking to the East and West Coast Main Lines. There are some blackspots where railheads are not available to us."

DP World says the emerging use of electric road vehicles plays to rail's advantage.

DP World operates London Gateway and Southampton. It says more rail capacity will be required along with sufficient scale at inland railheads. DP WORLD.

“Fifteen years ago, there was a huge fleet of truck drivers in diesel lorries. We called it ‘tramping’. They moved all round the UK, sleeping in the cabs for two weeks at a time.

“If you’re going to have decent jobs, with respect for drivers’ quality of life, being able to run a rail and lorry hub-and-spoke system is highly compatible. Drivers based in the Midlands can get home at night. That is consistent with electric lorries.

“So, there is a narrative for government about electric hubs with enough electrons for final-mile deliveries to run from railheads. It is important that we have this joined-up process with the road-rail interface.”

But there remains a significant challenge.

“Large companies are now starting to buy electric delivery vehicles in volume. These vehicles have a weight limitation - the extra weight of their batteries. Quite a large proportion of containers can’t go in these electric vehicles yet, because they are over 44 tonnes in total.”

Trenchard points out: “We are all only as strong as the weakest link in the supply chain.

“We’ve just had the first Green Methanol-powered Maersk ship call at Southampton. The cargo was discharged using an electric crane. We used our electric shuttle to move it to the railhead. It went on an HVO-fuelled train to the East Midlands Gateway, and the final mile delivery was done with an electric vehicle.

“So, containers have been delivered all the way with low-carbon technology. We can’t do it at scale, but it has now happened.

“It is quite an exciting time to be around here. Those who are willing to lean in can make a genuine difference.” ■

Martin Fleetwood
Consultant, Addleshaw Goddard

Railways provide connectivity, which drives growth and creates economic benefit.

This was one of the reasons behind the great railway boom of the 1850s, but it is still relevant today.

In the 1850s, the mill owners who invested in the railways could directly see the benefits of their investment, helping their textile businesses to grow as markets were developed. It is more difficult for today’s taxpayers to see the benefits of their money being spent on rail infrastructure.

Unfortunately, project evaluation and economic appraisal (used to calculate the benefits of a new rail scheme) only looks at a limited number of factors.

A new government should review how the benefits of new infrastructure are appraised - particularly looking at the wider benefit, which may be felt many miles away from the new infrastructure itself.

There is also nothing wrong in seeking a financial contribution from those parties who have benefited from the taxpayer-funded infrastructure, and systems should be developed to return part of that benefit to the taxpayer.

Freight operators can use the connectivity that rail provides to establish new freight flows and strengthen existing ones.

However, in addition to knowing that there is capacity in the rail network, there needs to be investment in other parts of the logistics chain.

This includes the private sector purchasing land to develop into warehousing, so that freight has a starting point and end point for its rail journeys.

The development of major warehouses in the Midlands, for handling goods from shipping containers arriving at Britain’s major ports, is slowly moving forwards.

But planning rules need to support such developments, particularly where sites can border both rail and major road networks. Daventry International Rail Freight Terminal in Northamptonshire is a good example of this.

Other rail-linked freight facilities are under construction, such as Northampton Gateway. And with warehouses using more automation, the productivity is rising significantly. This means that these facilities are better placed than ever to deal with the payload of a train arriving with some 70 lorries’ worth of goods in one go.

The issue then becomes one of providing sufficient capacity on the rail network to properly feed the appetite of these warehouses.

“Planning consents must also recognise the need to provide suitable connections to the electricity grid, to support the use of environmentally friendly electric vehicles as the main distribution method within the relevant town or city.”

A new government should be looking at its strategic freight routes (the Chartered Institute of Logistics and Transport has produced a map showing these routes, supported by the Railway Industry Association), and developing a special planning strategy which acknowledges the need to assist developments along them.

Land development rights should also further recognise the need for such significant infrastructure.

A key part of developing rail-based freight routes will be utilising land around major towns and cities to house the local distribution networks.

Sufficient land needs to be made available adjacent to the railway (potentially taking land at retail parks) to enable the establishment of simple rail-linked facilities which can unload goods for last-mile distribution by road.

A new government would need to ensure that appropriate planning consents are available to assist private sector investment in such facilities.

Planning consents must also recognise the need to provide suitable connections to the electricity grid, to support the use of environmentally friendly electric vehicles as the main distribution method within the relevant town or city.

Alongside this should be a policy of proposing larger payloads to take the train where possible.

As more strategic freight routes linking to distribution centres in towns and cities are developed, consideration can also be given to electric traction infill schemes which allow rail freight operators to run the most environmentally friendly services possible.

Small sections of electrification can make significant differences to the types of locomotives that can be operated, potentially reducing the cost per kilometre for customers. Given the tight margins under which logistics companies operate, this can make the difference between a proposed shift from road to rail being viable or not.

Rather than simply looking at the direct cost of an electrification infill scheme, a new government should take a holistic approach, considering wider benefits which can include environmental gains from taking lorries off the roads, supporting new employment opportunities at rail-linked freight facilities, and reducing road congestion for those people who still need to use the roads for other journeys which do not run parallel to rail routes.

Phil Read spotted a gap in the market for carrying parcels by rail, using converted Class 321 passenger units. Services run from Mossend to Birmingham International... and London is the next target. PAUL CLIFTON.

New entrants and the obstacles in their way

The newest entrant to the rail freight market is parcels carrier Varamis. PAUL CLIFTON asks founder PHIL READ what he needs from an incoming government for his venture to thrive

"In a nutshell: more freedom," says a weary Phil Read. He's been up half the night, sorting a problem with his service between Birmingham and Glasgow.

"If you want me to moan for an hour about the challenges facing a new disrupter to come into the industry, I can do so. Because I have some stories for you!"

Varamis ran its first service in October 2022, aided by a government "first of a kind" grant. Read spotted a gap in the market for carrying parcels by rail, using converted passenger trains that were no longer needed. Based in the Midlands and serving Scotland, it would take overnight lorries off the M6 motorway.

But the real prize will be delivering parcels into central London, where lorries are hampered by congested roads, tough emissions regulations, and high costs.

"I had a very simple idea," Read explains.

"I'm a train driver. I worked at Connex back in 1999. I worked at GNER under Christopher Garnett for five years. I went to Taiwan for two years. Great Western out of Paddington. Then Thameslink for five years.

"I started talking with Eversholt. They were converting some trains for express rail freight, and that was exactly the space I wanted to be in - repurposed passenger units that are high-speed and fully electric.

"I didn't have a big backer. It took a couple of years to jump through the hurdles.

"The biggest challenge was getting our licence. We didn't just have to prove we were safe, we had to be economically sound as well."

But Read doesn't have a harsh word to say about the Regulator. Getting into the system was hard, but once through the door he has found the Office of Rail and Road to be helpful and not intrusive.

"The real challenge was getting buy-in from other people on the railway. I never expected so much push-back from individuals. Probably a dozen people tried to stop what we are doing. There is a lot of protectionism on the railway.

"Andrew Haines pointed it out very clearly when he found himself in a spot of disruption outside Paddington. He said the response was disjointed because there are so many individual actors on the railway.

> *"We are just like Lumo or Hull Trains, but we carry parcels instead of people. We integrate with passenger trains, we run fast, and we don't get in anyone's way. The only challenge is access to facilities."*

"That's it - that's what stops the railway from being as good as it can possibly be. Too many people see risk from their own perspective."

A surprising observation, perhaps, coming from one of those individual actors.

Varamis runs one trip each night, Monday to Friday. It aims to start a second nightly train soon.

At the southern end it uses Birmingham International - a station between the National Exhibition Centre and Birmingham Airport, and close to the M42 motorway.

In Scotland it uses Mossend - a freight yard near Coatbridge (east of Glasgow) with access from the West Coast Main Line and close to the M8 motorway.

"Birmingham International is a managed station on behalf of Network Rail," Read explains.

"That means, despite having gone through a big regulatory process, we are then required to meet all the terms and conditions of another train operator at that station. We are treated like a contractor, when in fact we are an operator," he says.

"During our first journey from Mossend to Birmingham, back in October 2022, I was on board, getting a call from the station manager saying that we would not be allowed in his station," Read complains.

"That tells you everything you need to know. I had my train, I ➤

Varamis Rail ran its debut service from Scotland to Birmingham International on October 17 2022. Because the train was a proving run, it was unloaded. Having run at 100mph without fault for much of its journey, 321334 arrives at its destination on time at 2310. PIP DUNN.

➤ had my licence and safety case, I had my train path, my operation was deemed acceptable by the Regulator. I was at Preston on my way. But someone else, not even a rival, was looking for reasons why we couldn't do it.

"Facilities and sites around the UK that are predominantly owned by the government, via Network Rail, have been given to the operators with no care taken about how they can be used by multiple operators."

Read continues: "The charges at Mossend are extortionate. We will have to stand that service down soon, if they continue to make access as financially unviable as they have for the last 18 months.

"If it was a private site, I would get in for a realistic commercial price. It was given away in the 1990s for £1 a year on a 125-year lease, and we are being held to ransom by the operators of it. They can charge us so much that it is not viable.

"This is a learning lesson for a future government: don't give taxpayer-owned land away on leases that are longer than any of us will live. Easier access to platforms and terminals is key to growing our part of the railway."

For three months, Varamis claims a 100% punctuality record. Its train departs Birmingham at 2350 and arrives at Mossend at 0400, ahead of its 0434 slot.

Varamis is now planning a two-week trial into central London. It has ten four-car Class 321 trains, of which five have been converted to carry parcels. It is looking to convert the remaining five later in 2024.

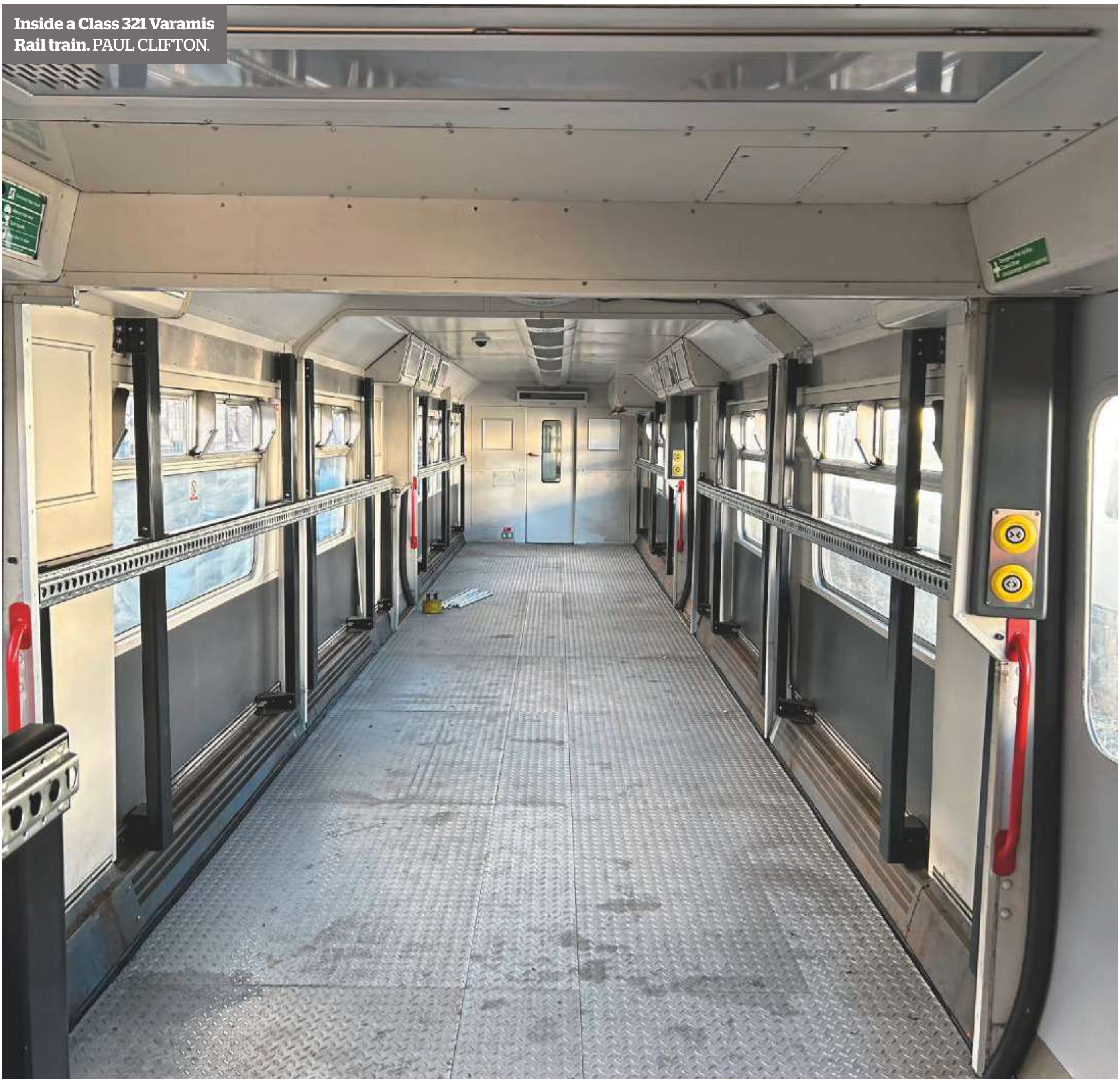
"We have a simple and effective service. We are very lean - we stand on our own two feet.

"We are just like Lumo or Hull Trains, but we carry parcels instead of people. We integrate with passenger trains, we run fast, and we don't get in anyone's way. The only challenge is access to facilities.

"The opportunity I see is two eight-car trains running between Birmingham and Scotland each day and two 12-car trains running between Birmingham and London. Each train could run into London three or four times a day. It relieves congestion - it is environmentally friendly.

"We want any new government to create the conditions that drive growth. I think any future government will therefore want to revisit the HS2 decision and reconsider it. We can incentivise rail and make it more attractive for people currently outside our industry.

"I think express parcels is where a lot of the freight growth will come." ■


Inside a Class 321 Varamis Rail train. PAUL CLIFTON.

Rail freight's serious problems...

... but **PHIL MORTIMER** offers ways in which he believes the sector can improve its future without excessive Whitehall involvement

Rail freight has been under relentless pressure from competing road transport. It has been outperformed and is (in real terms and by any measure) now a small player in the total freight market.

The cost base is far too high. It needs to be seriously reduced if it is to be competitive.

The largest cost in running a freight train for a day is the cost of the locomotive and wagons. For road haulage, the largest cost is fuel, followed by driver wages. Train drivers are paid 60%-70% more than lorry drivers.

The government will not increase fuel duty on road vehicles because that will stoke inflation, which it wants to reduce. This means that inflation in the road freight industry is likely to be less than that experienced by rail freight, because it is being protected from inflation in fuel (road haulage's biggest cost).

Of equal importance is the need to increase asset productivity by massive amounts. The deployment of 'self-aware' technology on traction and rolling stock resources, to minimise downtime and maximise revenue, is essential. The costly and slow processes of new equipment design, certification and acceptance are arcane - and a real brake on rail's potential.

The access charging regime for freight needs to be recast. At present, rail is charged per movement. This compares poorly with the annual flat fee for road transport, which does not reflect the mileage travelled by the vehicle.

This puts rail at an immediate commercial and operational disadvantage. Resolving this would require the intervention of an incoming administration.

It can take between three and five hours to strip and reload an intermodal train in a terminal. A reach stacker can position itself to lift a container, adjust the spreader, lift the container, and deposit it to an adjacent trailer in 45 seconds. Therefore, stripping and loading a train using a single reach stacker takes 34 minutes.

Where does the rest of the time go? When train wheels are not turning, it is not earning.

And when a train does get onto the network, its average speed is less than 30mph, despite being cleared for 75mph.

The attachment of any incoming administration to net zero suggests the need for a consistent rolling programme of electrification. This could be implemented at much lower cost and more rapidly than recent UK schemes.

This would reinforce rail's green and energy credentials, to secure real commercial gain and simultaneously respect shippers' primary focus on cost competitiveness. This is a key aspiration and an achievable industry initiative.

Battery and hydrogen propulsion for rail freight are not credible options for freight and are distracting blind alleys.

The sector needs to consider the use of alternative lighter, faster, shorter push-pull and possibly self-propelled train formations as a credible supplement to existing locomotive-hauled trains.

Linking this to a 'toolkit' to allow rapid and cost-effective rail connections to existing or proposed logistics development sites, and the need for a rail component to be part of any new-site planning proposals, would seriously enhance rail's capabilities.

Simple, austere intermodal terminals in areas currently underprovided for (the West Country, Wales, East Anglia, South Midlands) could act as 'pioneer' developments for lower-cost credible market testing.

The development of 'pop-up' freight transfer points at major passenger stations, to service key urban zones, could add a further dimension for palletised traffic and small-lot logistics.

The entire issue of governance, organisation and intra-sector relationships needs to be fixed, to avoid the constant volatility to which the rail sector has long been subjected. Competing modes are not subjected to this sort of continuous disruption.

An incoming administration could set out agreed actionable targets for modal shift and market share.

The roles of the Department for Transport, Office of Rail and Road and other related agencies that have a bearing on rail need to be clearly defined. They should not have any influence on or involvement in routine commercial and operational decisions, or vehicle and technology detail. The role of Network Rail in a unified railway model also needs to be clarified.

The key questions revolve around why potential users would select rail, given the availability of credible, attractive and competitive alternatives.

This implies the need for a rapid response mechanism to incorporate train path planning, scheduling, routeing, terminal access and resource allocation, to support commercial and operational requests - including complete transit loading gauge compliance.

The sector has resisted adopting this sort of initiative in the past. Freight train path allocation within wider timetable planning needs to be more flexible and responsive.

To give rail competitive freedom on a par with the road freight sector suggests the need to replace the arcane requirements of driver route knowledge with an in-cab real-time advisory system for drivers on speed limits, signals, and key infrastructure locations and status. This would enable drivers to operate trains safely over routes not previously traversed, and endow rail with the flexibility that road transport exploits fully.

Within the life of one administration, developing a core network of services able to rapidly transport tri-axle semi-trailers safely on trains between major conurbations would be a huge breakthrough.

Trailers are the preferred workhorse of the UK freight and logistics sector, but road transport is likely to come under increased pressure in terms of emissions and city access.

Rail currently cannot transport trailers owing to infrastructure constraints (bridges, tunnels, power supply). This would be an ambitious long-term aspiration that would potentially transform rail freight's capabilities.

In summary, "more of the same" does not appear a tenable option. Radical re-positioning is required - and some of it is within the gift of the sector to resolve without excessive involvement by government.

■ Phil Mortimer is a director of several small UK research companies focused on new transport technologies, including rail and intermodal freight, terminal operations and port-related transport. ■

> *"The entire issue of governance, organisation and intra-sector relationships needs to be fixed, to avoid the constant volatility to which the rail sector has long been subjected."*

Maggie Simpson Opinion

The next government must turbo-charge freight growth

The world of politics is rarely stable, but 2024 has already come with its fair share of turmoil.

Scotland, Wales and Northern Ireland each have newly elected First Ministers, and the May local elections saw new mayoralties created and others change party, as did a vast array of local councils.

July 4's General Election is also expected to bring sweeping changes to the political landscape.

Whatever the result of the election, there will inevitably be change. There are significant boundary changes across the country and many MPs have chosen to stand down, so there will be new faces for all parties.

In the event of a Conservative victory, the inevitable reshuffle will feature new ministers in transport and indeed across government.

A Labour victory would see the most sweeping change, which may (or may not) see the current shadow teams installed in Government.

So, whichever way the country votes, the railways can look forward to some new faces - and some new policies to suit.

The Labour Party has already given some indication of its thinking, with its *Getting Britain Moving: Labour's Plan to Fix Britain's Railways*, published in April.

At the Rail Freight Group, we welcomed the commitment to rail freight growth outlined in the paper, along with the supporting measures to protect private sector operators - including a commitment to a freight growth target similar to that already in place.

This means that whatever the election result, the new government (be it Labour or Conservative) will be committed to supporting rail freight growth in its plans.

This is an excellent place to start, but what then does it mean in practice? And what are the priorities that we will be calling for in order to deliver that growth?

At the highest level, the General Election will hopefully bring an economic reboot.

There is an overwhelming sense of hiatus at the moment, which is hampering economic recovery and growth. For example, reducing interest rates to stimulate house building would have a significant positive impact on rail freight by getting the construction market back into activity.

Focusing on delivery from freeport zones, new industrial strategies, progress on green energy and so on can all help to support rail freight, even when these policies are not themselves within transport.

A new government could also bring a greater focus on freight and its importance.

With the other freight trade associations, we have collectively suggested that a Minister for Logistics role should be established - to co-ordinate actions across government to help supply chains be more efficient and productive, helping to improve national resilience as well as supporting UK exporters and inward investors.

This role would not replace the current roles within specific modes, but rather to co-ordinate action and bring a much-needed focus at senior level to the sector.

Turning to the railways themselves, the new government will need to act in support of the freight growth that the present incumbent has championed. To do that, it is self-evident that we need structural rail reform to work for freight.

Under current plans, and under those set out by Labour, there is a risk that freight (and other 'non-GBR' operators) could be marginalised. It is therefore essential that there is a governance framework (from Government down) that supports freight, and an organisational structure that encourages the right behaviours.

We have written about that many times in this column, and there has been progress, but there is undoubtedly more to do.

Yet reform is only part of the story, so what else should be a focus to turbo-charge growth?

Firstly capacity. You cannot grow if you cannot run more trains, and in too many parts of the network there is a risk of insufficient capacity.

The debate over the East Coast Main Line timetable is a good example of this.

The original timetable work was so focused on passengers that it almost completely excluded freight. After many years of work, the resulting timetable scarcely allowed for today's freight trains, let alone growth - a situation made worse by the cancellation of some infrastructure works necessary to fit all the extra passenger trains on the route.

We are also increasingly concerned over the impact of the cancellation of HS2 Phase 2A, if additional HS2 services are forced through north of Birmingham without the necessary infrastructure upgrades.

We are therefore asking for freight capacity to be protected and safeguarded for growth, and that the thinly veiled attempts to weaken the access regime are stopped.

Freight capacity must also be considered on a nationwide basis, particularly if there is more devolution of power at local level (for example, to Metro Mayors).

Providing capacity may, in places, require government to commit to investment in the network. Our asks include:

■ The Ely Area Capacity Enhancement scheme, promised in Network North and still not under way.

■ Completion of the Transpennine Route Upgrade.

■ Work to ensure freight capacity is not compromised at Handsacre Junction.

■ Several other small schemes which are in development.

> *"Focusing on delivery from freeport zones, new industrial strategies, progress on green energy and so on can all help to support rail freight, even when these policies are not themselves within transport."*

The Rail Freight Group is asking for freight capacity to be protected and safeguarded for growth. Freightliner 66550 charges through Colchester on August 10 2023, with the 0459 Trafford Park-Felixstowe North intermodal. PAUL BIGGS.

New capacity is essential, but rail freight also needs to be affordable for users.

Over time, rail costs have risen by much more than road costs, leaving a price gap for potential customers. This is perverse, given the desire to see more freight moving by rail, and leaves some existing customers seeing track access charges rising significantly ahead of inflation.

We are calling for a 20% reduction in track charges in real terms by 2029, along with doubling the budget of the Mode Shift Revenue Support scheme for traffic where costs are not competitive.

Freight trains also need to be loaded… and unloaded. Rail freight terminals are, almost exclusively, developed by the private sector. But government can help support new and extended sites through more effective planning policy.

In particular, the planning system needs to better recognise the needs of freight in all its modes, and ensure that sufficient land is protected for industrial and logistics needs.

Too often, the pressure for new housing means that land is lost, or adjacent development threatens the operation of terminals through noise or other complaints, increasing costs and complexities for business.

We are asking for protection of key rail freight sites, and for the widespread adoption of the 'agent of change' principle so that new developments must pay to ensure proper sound (and other) protection from existing users.

We are also asking for the reintroduction of the freight facilities grant in England, to support new terminals and connections to the network where the costs of this are greater than they would be for road-fed terminals.

Businesses are looking to increase their use of rail because of the carbon savings it brings. At the same time, the freight sector needs support for decarbonisation and the actions necessary to meet Net Zero 2050 itself.

We are calling for 60 missing miles of electrification to be completed, allowing more freight to be electrically hauled.

This will enable whole journeys to be undertaken with electric locomotives, and support the introduction of new bi-mode locomotives which will need to be 'pantograph up' wherever possible.

The poster child for this is the three-mile branch line to the port at London Gateway, which (if electrified) would enable up to ten daily services to switch from diesel.

It is a sad indictment of the current plans that this scheme, which has been studied many times, remains incomplete, despite the significant growth from the port, freeport policy and the likelihood of third-party contributions.

Meanwhile, freight operators could make more use of lower-carbon fuels such as HVO (hydrotreated vegetable oil) if the price were more competitive, and the sustainable supply was ensured.

While there is high demand for these fuels, government needs to support their use in rail through the right policy levers and investment.

Finally, and in line with many other sectors, we are calling for reform of the apprentice levy, to recognise the importance of other types of training, and to ensure that sufficient courses and providers are available to support apprentice training across the country.

Rail freight businesses, including in the supply chain, are keen to bring more apprentices into the sector. But they can be frustrated by the inflexibility of the scheme and the lack of college places available.

As an industry, we will need to make the case for these asks, demonstrating consistently the benefits of growth and setting out our part of the bargain.

We already know the significant benefits that accrue from rail freight, including in carbon savings and road decongestion, but we will need to articulate this in line with new government objectives and show how we will support their ambitions.

We need to articulate the role we play in bringing new private sector investment, job creation, productivity gains, and in making more use of data and technology - and step up where we can do more.

In a reformed industry, the freight sector will need to work hard to make its voice heard, and to highlight the compelling reasons for supporting growth and delivering on industry asks.

Whenever and however the next government is formed, we are optimistic that the case for more freight by rail will be made. ■

About the author

Maggie Simpson is Director General of the Rail Freight Group. Previously she worked in a range of passenger and freight roles at the Strategic Rail Authority and Office of Passenger Rail Franchising, including freight strategy development and franchise management. She has also worked in consultancy.

"I'm not that young - I drove a bus for 12 years. But I do feel like I am in the bottom half of the age range here."
Donna Pryce

Finding and keeping diverse new talent

With a looming 'retirement bulge' in the industry, PAUL CLIFTON visits Southern's Selhurst Depot, and looks at efforts to widen candidate selection by attracting younger and more diverse employees

The rail industry has long acknowledged that it is one of the least diverse employment sectors.

That's not perception. It's fact. Pale, male, and middle-aged.

That brings a looming problem - more than a third of train drivers will be looking to retire over the next decade.

To attract a new generation of talented recruits, the industry must look beyond its more traditional pool of second-career men.

"The story is generally one of positive trends," says Neil Franklin, a workforce planning adviser at NSAR (the National Skills Academy for Rail), who has compiled driver data for *RailReview*.

But change is slow. Train drivers remain overwhelmingly male, and overwhelmingly white.

Fewer than one in ten drivers are women - 91.5% are men, 8.5% are women (up from 6% two years ago).

More than nine in ten drivers are white - 90.8%, with 9.2% coming from other ethnicities.

NSAR's statistics are drawn from its 2023 workforce survey of 17,500 drivers. They include nearly all train operators, with the exception of those under Transport for London (of which more later).

There is a little regional variation. Drivers in London are two years younger than the UK average. Drivers in Scotland are two years older.

"The industry has 40% of the driver workforce aged 50 or over. That's just under 7,000 drivers," Franklin explains.

"If the retirement age is 55, then by 2030 we need to replace 50% of our current drivers. That's 1,250 each year. If the retirement age is 60, then by 2030 we need to replace 33% of our current drivers, which is 840 a year."

The proportion of ethnic minority groups (EMG) across the working population in the UK is 18.7%.

NSAR points out that if the railway were to reflect that proportion among its drivers, it would need to recruit people from minority backgrounds at a significantly increased rate. If it wants to achieve a 25% target over 20 years, then one in four recruits would have to be from an EMG background.

NSAR has also compiled statistics for drivers under the age of 40. It found the proportion of female drivers is significantly higher for this younger group (14%). The proportion of non-white drivers is also higher (also 14%).

It states: "Many indicators are heading in the right direction, often as a result of government action to improve the deployment of apprenticeships for new train drivers.

"Average age is decreasing. Gender balance is increasing. Drivers under 40 have higher proportions of female and ethnicity than the overall driver population."

What has created this pattern?

"Two reasons," says Franklin. "First, the introduction of the Apprenticeship Levy. Second, the requirement through franchise agreements that train operators have 2.5% of their workforce in an apprenticeship scheme at any one time. The development of the train driver apprenticeship standard has been critical to the success.

"It is a one-year, level 3 standard attracting £21,000 of funding support. This is the largest rail-focused apprenticeship. It has generated £19 million a year savings to the sector at current levels, with nearly 1,000 starters a year.

"Fostering diversity isn't just about ticking boxes. It's about creating an environment where everyone feels valued, respected and empowered to contribute their best.

"Organisations that prioritise diversity reap the rewards in terms of creativity and overall success. Advantages include better problem solving, higher employee satisfaction, higher levels of innovation, and cultural competence."

NSAR's data does not include services run by TfL, which told *RailReview* that Elizabeth line and Overground trains (run by MTR and Arriva respectively) display greater diversity. Not surprising, in one of the most diverse cities in the world.

Two in three Elizabeth line drivers are under 45 years old, and one in three are non-white. On London Overground, almost half of all drivers are from non-white backgrounds. But on both operators, nine in ten drivers are male.

Southern Railway apprentice drivers

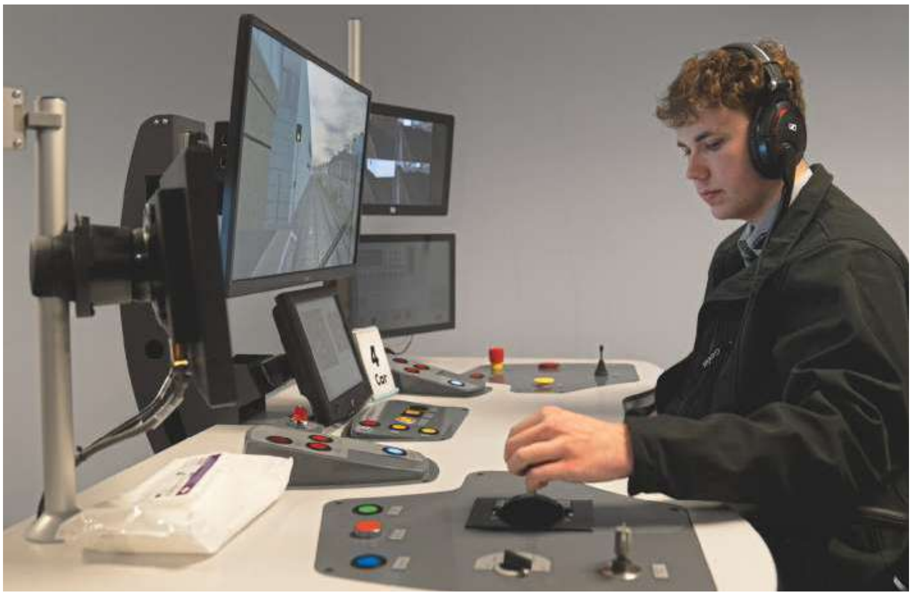
At Southern Railway's Selhurst Depot, apprentice driver Donna Pryce coaxes her Class 377 out of a siding, under the supervision ➤

"It's a great step forward, making it a much more inclusive working environment."

Jackie Ellis

"The median age of train drivers is quite high, so I definitely feel like one of the young ones."

George Browning



➤ of training manager Dom Charlwood.

"I'm definitely one of only a few women," she says.

"I'm not that young - I drove a bus for 12 years. But I do feel like I am in the bottom half of the age range here."

Donna will be based at Victoria station when she qualifies. She sees the gender balance shifting: "It was my experience growing up, using the railway, that all the drivers were 50-plus white men. But lately I am seeing a lot more diversity. More younger people, black people, women. I love it!"

Dom Charlwood agrees: "When I started as a trainer eight years ago, it was a lot more white male. Now there is a massive mixture of people. The recruitment process is the same, the training is the same. You really have to put the work in, because these are massively sought-after jobs - one of the few places where you can come in with no previous experience and have a job for life."

Jackie Ellis is part of the same intake as Donna. She will drive from Norwood depot.

"I was working in the darkest depths of a supermarket during COVID," she says.

"In that job I used a train almost every day. When I saw a female driver, I really noticed, because that was not what I expected to see.

"It is changing. I'm proud to be where I am now. It's a great step forward, making it a much more inclusive working environment."

At just 22, George Browning from Portsmouth is Southern's youngest apprentice driver.

"It's been a dream goal for me since I was a little boy," he explains, during a break from learning how to tackle a track circuit failure and be guided past a stubborn red signal. Fortunately, it's on a simulator in the driver training centre at Selhurst.

"As soon as I turned 21, I applied."

George joined the railway straight from school, aged 17: "The median age of train drivers is quite high, so I definitely feel like one of the young ones."

In fact, he's less than half the average age of a driver. Is that daunting?

"You can be any age," he replies. "It doesn't matter. But I am proud to achieve that at a young age."

George aims to qualify next January or February. Training takes 13 months: "I've driven a few trains for real now at Barnham, with my instructor. It's completely different to the simulator. It actually feels a bit easier, because you're in charge of the train, and you get the feel of it. I really enjoy it."

At Govia Thameslink Railway, Zoey Hudson, head of talent, diversity and inclusion, says recruitment methods have changed to enable a wider range of people to apply for jobs.

"It's really important that we have diversity of thinking within the railway. Diversity of profile, so that we get different people enriching the working environment for the railway of the future."

How is that going? Most drivers are still middle-aged, and nearly all are white males. Many see it as a job for life, so change is inevitably slow. And some still come from the cherished railway

Freshening the drivers' pool

Train drivers could soon be recruited from the age of 18.

The Department for Transport has held a consultation to reduce the minimum age from 20, claiming that "thousands" of opportunities could open up for teenagers "as early as this summer". It would mean that apprentice drivers could be hired straight from school.

And the proposal has the support of drivers' union ASLEF.

The DfT stated that the number of young people entering the industry "remains relatively low".

It said: "Lowering the minimum age for people to start their train driving careers would give more choices to people leaving school or college, as well as encouraging more diversity in the workforce."

ASLEF General Secretary Mick Whelan told *RailReview*: "We've always argued that lowering the age drivers can begin their training will help the industry. Not only will it increase the number of drivers, but we also believe that those at the pointy end of the train should reflect the communities they serve. That includes having young people in cabs."

Whelan added: "We firmly believe there should be enough drivers to cover all the available shifts, and do not agree with the reliance on rest day working and overtime."

Representing train operators, Rail Delivery Group Chief Executive Jaqueline Starr said: "These proposed changes will help us recruit the next generation of drivers, lowering the average age of the workforce, and helping ensure a resilient railway for our customers."

However, some older train drivers on social media were sceptical whether many 18-year-old applicants would have the life experience to get through the challenging recruitment process, particularly the psychometric tests that are taken before interviewees are selected.

One pointed out: "They'd have to be quite exceptional candidates to stand out against the thousands of others with the required skills to become a train driver. It's also a risk that they go too early and fail the psychometric testing, which then bars them from future applications."

All prospective drivers have to pass medical, psychological and competence examinations. That is followed by at least a year of formal training - partly in the classroom and partly under the supervision of a driver trainer.

So, in practical terms, an 18-year-old recruit would be at least 19 before qualifying as a driver.

But a newly qualified 19-year-old could potentially earn a salary well in excess of £40,000 a year.

family tradition of sons following their fathers onto the trains.

"It's about breaking down the stereotype of a male-dominated role," she says.

"It's about making people feel this industry is one in which they can belong and thrive."

Easier said than done. Each time GTR advertises a driver vacancy, it is flooded with applications from very well-qualified, entirely suitable candidates with plenty of relevant experience. An advert for 100 posts during the pandemic attracted 24,000 applicants.

At London Overground, operator Arriva is eliminating CVs from the recruitment process. Instead, it relies solely on psychometric testing run by OPC Assessment, candidate location and age, to assess who progresses to first interview and who is eliminated.

TfL says this will remove unintentional bias, and that a recent trial resulted in a "significant uplift" of females getting through.

It adds that interview questions have been revised to ensure that no prior experience working within a railway setting is required.

Some 53% of the 720 Overground drivers class themselves as white, the lowest percentage of any train operator. On MTR's Elizabeth line, the figure is 63% of the 474 drivers who declared their ethnicity.

Their drivers are younger, too - more than half of all drivers are in the 35-44 bracket. And there are more drivers in the 25-34 age group than there are over the age of 55. Three in four of the people it recruited already lived in local communities where they now work. It also offers job shares to qualified drivers.

"It's really important that we recruit through different channels from those in the past," Zoey Hudson explains.

"We can't just rely on our website to promote our jobs. We have to go to places where younger people or females are more likely to search. We've just run a programme to attract people who've been on a long career break. We have to think outside the box to encourage that diversity."

Does all that effort to find different people make commercial sense, when there is no shortage of enthusiastic candidates wanting to get through the door?

"Having a diversity of employees freshens us as an organisation. It brings a creativity that just employing more of the same people would not bring us. A lot of our drivers will retire in the next ten years. We need to be thinking now about how the railway will be fit for the future. It will look and feel different, and that will make a more successful business." ■

Recruitment and retention

ELAINE CLARK discusses the need for a vision that sells the industry as a great place to work

Right now, it feels as if the overseas brain drain could be a massive risk to UK rail.

Many countries are forging ahead with major investments in rail - from North America to Australia and from Europe to the Far East.

Many of them need good-quality, experienced people to supplement their own indigenous talent. And where are they looking to? The UK.

And with hybrid working now making work on an overseas project potentially 'doable' by splitting your time between the UK and overseas, the risk is even greater that we lose our talent to working on these non-UK projects.

So, what's the solution? Well, we need to sell the industry as a great place to work and to make a difference. But we also need to then deliver on that promise.

We need a vision that can capture people's hearts and minds - not just future employees, but future customers, too.

A vision that puts rail at the heart of a low-carbon economy, where travel is easy, and goods are moved seamlessly.

A vision that when people are asked who they work for, they are proud of the answer they give.

We then need a strategy and set of plans to deliver on that vision, which challenge the status quo, and which drive modernisation, different ways of working, and more family-friendly practices.

A vision and a strategy that is nothing short of revolutionary, that will attract and retain the talent and workforce of the future to ensure we deliver a railway fit for the future.

Most people want to work for a 'good employer' - somewhere they think they can make a difference, progress, and be rewarded for the contribution they make. If they don't feel valued, or aren't able to make that contribution, they will move elsewhere.

Young people today have many more opportunities and choices than (say) 30 years ago, either with the variety of subjects on offer at school and college, or the job roles that now exist. Many don't want a 'job for life'. They want to move around, gain a range of experiences, and make that difference.

With an ageing workforce, the rail industry needs to attract a significant number of entry-level people from a cohort that's smaller (in terms of school age leaver numbers) than in recent years. We are up against many other industries that also have ageing or growing workforces.

In terms of the variety of opportunities, we should fare very well - there really is something for everybody in rail. But how good are we at creating excitement about our industry as a place to start and develop a career?

Speaking to younger people in recent weeks, I think we should be alarmed about the perception of the industry. Comments such as "always on strike", "late and unreliable", "run down" seem to be commonplace.

Yet the younger generation that we need to target have lots more interest in 'saving the planet' than previous generations, which should make travelling and moving goods by train something they see as a positive, and rail as an industry they could work in.

I've spoken to several over the years who have become disillusioned with the industry because when they come up with new ideas, they are told "we can't do that", or "that won't work on the railway".

This lack of preparedness to even consider doing things differently isn't just holding the industry back from doing things better it's also causing us to lose good people - the very people we want to retain.

Finally, the issues above are also relevant to our more experienced team members and leaders. All good people will get frustrated with the slow pace of change, the lack of opportunity to really make a difference and deliver on what we talk about as priorities if there's little evidence of those priorities being acted on. We run a serious risk of losing these to other industries and to other countries.

■ Elaine Clark is chief executive of Rail Forum, a trade association for the rail supply industry based in Derby. ■

Ticket machines can be confusing to passengers who are unfamiliar with the railway. TOM EDWARDS.

Ticketless please! Slow march to a digital world

Experts say contactless ticketing simplifies the purchasing process and boosts revenues, so why the delay in implementation? **TOM EDWARDS** looks at successful examples of pay-as-you-go systems in London

For those who travel into London, the difference couldn't be more stark.

In the Home Counties, many commuters step up to a ticket machine, type in their destination, and then pay for a paper ticket.

There are lots of options for tickets. You can buy singles, returns, Peak, Off-Peak, Super Off-Peak - and that's before you add in railcards and the times you are allowed to use them.

Commuters need to know what they are doing to buy the right fare. But it can be confusing - many choose the ticket office instead.

After they have bought their orange paper ticket, they then put it in the barriers, and eventually get onto the train.

It's all a bit of a faff. Yes, there are train operator smartcards available, such as the Keycard, but each operator has its own scheme. It's not joined-up.

That all changes once you reach the bright lights of the capital, however.

In London, you switch to a different system where you can use an Oyster smartcard, or a contactless bankcard, or even a wearable watch or more commonly your smartphone, to pay for your journey.

Just tap in and tap out at the barriers, and it gives you the right fare. It is easy, quick, convenient, and joined-up.

The technology gives you the correct fare. It even works out over the week if you are eligible for a weekly travelcard, which saves you money. And you can use it all over London on buses, trains or trams.

This is just one example of where parts of the rail industry have lagged behind.

How has the UK arrived at a situation where parts of the rail network are stuck with old technology, and other transport providers are pushing innovation?

If the rail industry is going to change, what do commuters want from the rail industry?

And what does the rail industry want from a future government?

Can the industry learn from other sectors, or even from areas within transport itself?

Michael Solomon Williams is Campaigns Manager at the Campaign for Better Transport. He tells *RailReview* that ticketing reform would be high on its wish list for passengers.

"We want to see a reliable, affordable rail network which is accessible to everyone, no matter where you live, with a ticketing system that makes travelling by train a pleasure, not a chore.

"To achieve this, we need fares and ticketing reforms to provide simpler, fairer, easier and better value tickets; more rail lines and stations through a national programme of reopenings; a strategy to ensure a consistent pipeline of rolling stock manufacturing; and a rolling programme of rail electrification to help meet the UK government target of decarbonising the railway by 2040."

As for contactless, he has no idea why it has taken the rail industry so long to grapple with the idea: "Rolling out contactless payments nationwide is taking far too long, which is a real shame because creating a rational, understandable, easy to use fares and ticketing system could drive more business onto the railway more quickly and should be a priority for the Government and the rail industry."

In the capital, some of the reforms the industry talks about are already in place. So, what can the rest of the industry learn from London?

Alex Williams is the Chief Customer and Strategy Officer at Transport for London (TfL), and has more than 30 years' experience in transport planning. He believes devolution and a Mayoralty has helped deliver better services. And he thinks the wider rail industry should take note and learn from this.

For example, in 2007, Transport for London took over the failing Silverlink franchise and rebranded it as the Overground. Before the takeover, it had 33 million passengers a year. It now has 100 million a year.

Alex Williams attributes that to more control and investment, which actually increases passenger numbers.

"It's a stunning success story. It's about accountability. If things go wrong on the London Overground, the Mayor is on the Commissioner's case saying: 'What are you doing to fix it?'

"I think there's an accountability challenge which in Whitehall is just not going to happen if you have the Minister - you're just not as close to it."

However, this does require investment, he says: "But also, we have dealt with the fundamentals. One is reliability - we have quality rolling stock and better stations. Safety, staff, CCTV, and we have cut down on fare evasion.

"The final thing is integration with the ticketing. Getting the fundamentals right is all part of why London Overground is a great success."

London Mayor Sadiq Khan, like all his predecessors, is now eyeing other routes that TfL could take over. Alex Williams thinks that is the way industry should go on urban routes, with public bodies controlling private operators. ➤

> *"Rolling out contactless payments nationwide is taking far too long, which is a real shame because creating a rational, understandable, easy to use fares and ticketing system could drive more business onto the railway more quickly and should be a priority for the Government and the rail industry."*
>
> ***Michael Solomon Williams, Campaigns Manager, Campaign for Better Transport***

“We want the next government to do more of that. The railways are semi-nationalised anyway. You could have more of those franchises for inner suburbans going over to Mayoral control, and we would over time deliver that kind of comprehensive package of improvements. It’s a hugely improved product.”

Shashi Verma is Director of Strategy and Chief Technology Officer at Transport for London. He has been running its ticketing for 18 years and is behind many of its ticketing triumphs such as Oyster and contactless.

He tells *RailReview* that people don’t appreciate how difficult it is to integrate ticketing. It needs commitment at all levels. And he says the rail industry can learn from TfL.

“You need someone with a guiding mind. You can’t have it done by committee, where everyone has a vested interest. That’s the first problem.

“The second problem is you have to understand this is not easy. What we have done is made it look easy because the customer experience is so good.

“The fact is: unless senior people start to engage in the complexity of it, nothing will ever happen. The moment you delve into the first level of data, people’s eyes glaze over.

“The third thing is continuity matters. These things don’t get done overnight - you need to stay on the case year after year.

“The Mayoralty was advantageous to us. Could it happen without the Mayoralty? Maybe, but it would be significantly harder.”

Verma points out ITSO, the Department for Transport-supported smartcard system, isn’t widespread: “My biggest advice to the rail industry would be to come along with the flow that we have set up. Given how hard it is to do, why do you keep insisting on reinventing it, and getting it wrong over and over again for the last 20 years.

“The amount of money that has been wasted on ITSO is more than what we have invested in Oyster and contactless.”

So, what do those new entrants to the sector want?

Seatfrog is an app where passengers can bid to upgrade their seats to First Class. It also partners with rail operators to offer deals. It wants more competition, not less, and more innovation to match the changing travel habits of passengers.

Seatfrog founder and CEO Iain Griffin believes that nothing had changed in the industry for decades: “While other legacy categories such as banking and insurance have forged ahead and embraced change, rail still has many of the same working practices, job roles and experience that existed 20 years ago. It’s a ball and chain to growth, when customer behaviour and expectations have changed dramatically.

“To build a rail experience that passengers love and trust requires us to build experiences and services they don’t know they need yet. That means less reliance on historical data that only tells you what people already know they need.

“It requires less policy deliberation by committee, and faster decisions to keep pace with ever-shifting consumer expectations.

Griffin says the creation of an independent industry body, separate from Whitehall, could help: “As a taxpayer, I want the railways to run like a profitable business - something that competing priorities and agendas in rail has hindered.

> *“If you look at the whole rail reform process, it is a difficult beast. But it’s essential and it should happen. The one thing in which we can make progress in very quick timescales and produce customer benefits that are very visible is ticketing.”*
>
> ***Shashi Verma, Director of Strategy and Chief Technology Officer, Transport for London***

“Great British Railways has the potential to be an arm’s length, FCA [Financial Conduct Authority]-style body that is free of bureaucracy and bold enough to emulate countries such as Spain that are well ahead by increasing competition.

“Increased competition would result in a rapid rise in passenger volumes and more competitive prices, increasing the pressure to offer the best prices and customer experience - and that’s a win for everyone.”

To attract home workers back onto the network, Seatfrog’s founder thinks that the use of the carnet in books of five or ten could work.

He also thinks rail could learn from other sectors: “There is one vital component of the retail sector that rail needs more of in spades, and that is competition. Imagine only having one supermarket, one bank, or one airline to choose from - zero price competition and no incentive for them to innovate.”

Change has certainly been a long time coming, and promises made by the current government haven’t yet come to pass.

It promised to set up Great British Railways, which would be responsible for rail infrastructure and awarding contracts to private companies, in 2021.

GBR would operate as a concession model, much as Transport for London works on the Overground and Docklands Light Railway, with the public body controlling the fares and timetables and the private operator running the service for a fee.

Labour has outlined its plans for the railway, which also includes creating a new public body. It would take over existing contracts when they expire, and it would run services.

Involvement from the private sector would be reduced through what would essentially be nationalisation. Improvements would include automatic refunds for delays and better internet connection on trains.

Rail Partners, which represents train and freight operators, has

put forward a manifesto for a future government. It also thinks large reform is needed, but also that the private sector has a role to play.

A central proposal of Rail Partners is to overhaul fares, to make them easier to understand. It would mean more digital tickets and more investment in tap-in tap-out systems.

Rail Partners Chief Executive Andy Bagnall said of the Labour manifesto: "The public is not that interested in how our railways are structured or organised. They just want to have trains that run on time and fares that offer them the best value for their journey."

It argues that giving operators more freedom to use their commercial expertise would increase revenues, and that decisions made by rail operators (and not Whitehall) would help grow the railway. That would mean more passengers, more services, more revenue, and less support from the taxpayer.

Bagnall also believes that more open access operations on long-distance routes would encourage competition and lower fares: "There doesn't have to be a binary choice between a monopoly railway in public hands, and one that delivers competition and innovation by harnessing the commercial expertise of private sector operators.

"We need the 'best of both worlds', which means focusing the system outwards on passengers and freight customers by empowering operators to meet their needs, and creating a single accountable body so the public knows who is in charge."

There has been some progress on integrated ticketing, with Project Oval. On behalf of the DfT, Transport for London is introducing contactless to eventually 230 stations in the South East.

TfL's Verma says contactless pays for itself in months: "If you look at the investment in ticketing reform, we are doing Project Oval for £62 million. So, £62m will get contactless into more than 200 stations in the South East, which are some of the most heavily used stations in the country.

"If you expand the logic nationally, for £300m or something

Transport for London says the cross-capital introduction of smartcards and contactless payment has simplified the process and helped to drive increases in passenger numbers and revenues.

like that, we could put out contactless ticketing across the entire country."

TfL research claims a 4% increase in passengers on TfL services and a 6% increase in passengers on National Rail attributable to Oyster and contactless.

Verma says the introduction of contactless is a no-brainer: "When you think about a 6% increase in revenue on National Rail, that was £120m for a project that cost £33m. It has a payback period of months. You won't find transport investment like this anywhere."

However, the bigger part of the problem is political delay, according to CBT's Michael Solomon Williams.

"Progress on rail reform has been far too slow, with legislation continuously delayed for no good reason," he says.

"We welcomed the publication of the Draft Rail Reform Bill back in March, but with a General Election imminent, it is now unlikely to pass into law anytime soon, breeding more uncertainty for passengers and the industry.

"The Government must implement much-needed reforms as soon as possible, and in the meantime carry out those changes that can be made without the need for legislation, to ensure the rail industry and the railways do not get left behind."

Verma says ticketing reform and the introduction of schemes such as contactless is an easy win for the rail industry.

"If you look at the whole rail reform process, it is a difficult beast. But it's essential and it should happen. The one thing in which we can make progress in very quick timescales and produce customer benefits that are very visible is ticketing.

"At a point where the rail industry has a very poor reputation, this is one way of really changing the reputation of the industry."

Is this the shape of things to come? Rail Minister Huw Merriman has said integrated ticketing will spread and that reform is happening.

"One of the best ways to get more people using our railways is to make journeys as simple, flexible and convenient as possible, and the Government's programme for rail reform prioritises exactly that," he says.

"By removing the stress of finding the best deal in advance or having the right ticket ready to go at the barriers, the extension of tap-in tap-out ticketing is the next step of our plan for rail reform. We're working towards pay as you go being rolled out beyond the South East, through the Midlands and up to the North."

However, the rail industry still lags behind other sectors, and the speed of change is not fast enough. All the prominent voices believe reform is the only way to attract more passengers and give them a service fit for purpose.

The question is: will the next government have the funding to implement changes, will it listen, and (more importantly) will it have the political will to drive through any changes? ■

A level playing field

ANTHONY SMITH, chair of the trade body Independent Rail Retailers, discusses how the organisation's members can fuel growth

Around half of all ticket sales - equating to £4 billion a year - are made through independent retailers, either directly or via the technology they have developed. That figure increases to 90% for online sales, highlighting the importance and success - and potential - of the private sector in rail retailing.

From award-winning apps and loyalty schemes to mobile barcodes and split ticketing, independent retailers are the driving force behind customer-focused innovation that is making it simpler, easier and cheaper to travel by train. And all without government subsidy.

Independent Rail Retailers (IRR) is the trade body representing many of these trail-blazing businesses, and we are focused on putting customer innovation at the heart of retailing and removing unnecessary complexity. Part of this is about creating a level playing field between retailers, as well as making the best deals available through all sales channels.

Neil, a regular commuter, exemplified one of the current issues on a recent trip between Newcastle and Carlisle - a journey he doesn't usually make. While he managed to get a good deal, those without the time or the knowledge to shop around could have ended up out of pocket.

"I went to the ticket booth in the station, and they were charging £20. The staff member said I'd get a better deal if I bought my ticket from a ticket machine, but it was charging £22. I decided to look on the Virgin Trains Ticketing app and found a fare for just £9. Fares should be consistent wherever you buy your ticket."

The rail industry and HM Treasury would both benefit from greater engagement with (and support for) independent retailers.

Their technology already serves as the backbone for online retail, with everyone from train operators to travel agents using their systems to sell tickets online.

But it goes far beyond that. Independent retailers have funded some 80% of the development costs for barcode ticketing, for example, and there are teams of top-tier developers, IT professionals and customer experience experts working on future innovations at zero cost to the public purse.

Any new government should be actively supporting and fostering independent retailers, as they continue to champion innovative technologies - not just to reduce costs, but to drive revenue.

The recipe for future success is simple: ensure there is a level playing field in the rail retailing market. That means addressing five key areas:

- **Barriers to entry:** reduce red tape and streamline the accreditation process to encourage innovative, customer-focused players into the market.
- **Commercial standards:** ensure all retail channels operate on the same basis as independent retailers, ending cross-subsidisation by train operators and getting the best value for taxpayers.
- **Exclusivity:** give all retailers access to all ticket types, and ensure all tickets can be fulfilled electronically, to maximise customer choice, minimise cost, and encourage innovative ways to sell tickets on quieter trains.
- **Passenger compensation:** allow independent retailers to process Delay Repay claims to make the end-to-end journey experience as seamless as possible, reduce pain points, and encourage proactive engagement with customers when they are delayed.
- **Open data:** allow retailers to access pay-as-you-go systems, ticket availability feeds and performance/crowding data, to create technical solutions that enhance consumer choice, improve customer experience, and drive passenger revenue (thus reducing government subsidy).

Independent retailers already have a vested interest in keeping the cost of sale as low as possible, as they earn just 5% commission on (B2C) ticket sales. The above improvements would not only make retailing fairer, but encourage retailers to develop new ways to streamline compensation payouts, promote trains with unsold tickets, and even introduce a 'price promise' for best-value fares.

But the benefits aren't all one-way. Not only would taxpayers save millions of pounds, but the IRR has offered to share consumer intelligence such as information on customer habits and purchasing trends, to help grow the market further.

A new Government, through Great British Railways (GBR), needs to be clear on its objectives for rail retailing. But most importantly, it should embrace the private sector to build on what has been achieved so far.

That means a focus on increased competition, private sector innovation and investment, and greater consumer choice.

GBR, for its part, must translate guidance into actionable steps, including the introduction of legal safeguards for online retailers, and prevention of competition law breaches.

And the potential rewards of unleashing the energy, investment, innovation, and consumer focus of independent retailers?

At the IRR, we think it could be measured in billions of pounds through reduced costs and increased passenger numbers. And while the rest of the industry continues to find its way after the pandemic, that has to be a good thing - not just for the government's finances, but for the future of rail in Britain. ■

> *"There are teams of top-tier developers, IT professionals and customer experience experts working on future innovations at zero cost to the public purse."*

How we can modernise the retail experience...

Transport Focus Director **NATASHA GRICE** considers how any fares and ticketing reform should take into account the role of station staff

It can often feel as if progress on rail fares and ticketing is stuck in a siding. But recently, some changes have accelerated significantly.

Barcode ticketing on a smartphone is now the dominant ticket format across much of the network, helping to make purchasing a ticket quicker, easier and more convenient for many people.

Meanwhile more pay-as-you-go options are coming, with 53 more stations around London due soon, Merseyrail expected in the autumn, and pilots planned in the West Midlands and Manchester for next year. But while these changes are hugely welcome, progress can seem extraordinarily slow.

Everyone seems to agree that fares and ticketing is too complicated and confusing.

There is a good argument for pushing on quickly with pay-as-you-go and single-leg pricing, as these have been shown to simplify the process. Other changes, such as LNER's trial of airline-style fares, show just what a sensitive topic fares reform can be.

At such times, there is a need for pilots to test proposals. These may add delay, but it is important to make sure there aren't any unintended consequences.

Anthony Smith reports on a passenger who was charged different prices for the same ticket - one from the ticket office and the other from a machine. Natasha Grice notes the need to retain ticket offices. This is the ticket office at Carlisle. ALAMY.

Split ticketing has long been the elephant in the room - if you know how you can save money by combining tickets, rather than having a through-ticket. Some websites and retail staff offer this, others don't. Until this is addressed, it will continue to erode trust.

Station retailing is another highly emotive subject. Together with London TravelWatch, we received 750,000 responses from individuals and organisations to the consultations on ticket office closures last year, many with powerful and passionate concerns about the potential changes.

This flagged two key issues which any reform of fares and ticketing would need to address.

One concerns the use of cash and the ability of people without bank accounts to get access to the full range of products, such as Railcards or Advance Fares. Part of the answer could be in wider availability of smartcards, such as Oyster, allowing people to top-up with cash or perhaps allowing other High Street retailers to sell rail products.

The second was the role of staff in retailing. The key concern of most passengers in the ticket office consultation wasn't actually ticketing, but whether staff would still be present and easily available (in the short- and the long-term) to provide advice and assistance to those who need it. All Transport Focus's research highlights how much passengers value staff for the information, assistance and reassurance they can provide.

Transport Focus is supportive of the principle of redeploying staff at some stations from ticket offices into more multi-functional roles. Done right, this could improve the overall offer to the passenger and still allow passengers to buy tickets face-to-face as before.

There are some examples of this in operation. One example - the open plan ticket office at Birmingham International - is close to my heart.

Back in 2016, when I was general manager at Virgin Trains, we created a retail experience much more familiar to the High Street. The ticket office could still offer every ticket and act as a focal point for passengers, but it also freed up staff to get closer to passengers and offer better customer service.

The railway will need to respond to these and the other passenger concerns that the consultation highlighted. The industry must not stand still, but in any future strategy it will need to demonstrate how it will ensure any changes to retail options do not become a barrier to accessing the network. ■

"Transport Focus is supportive of the principle of redeploying staff at some stations from ticket offices into more multi-functional roles. Done right, this could improve the overall offer to the passenger and still allow passengers to buy tickets face-to-face as before."

European differences... and similarities

With the current UK government looking to take back greater control through GBR, and Labour (if elected) planning a slow renationalisation, STEVE MEDHURST looks at how rail operation differs in Europe

In 2011, the European Commission instigated a new rail strategy, which ended up with a White Paper and a bill in 2016 that became known as the Fourth Railway Package.

This was a set of six legislative texts designed to complete the single market for rail services (Single European Railway Area).

Its overarching goal was to revitalise the rail sector and make it more competitive in relation to other modes of transport. This was through creating greater competition to help initiate a more efficient and customer-responsive industry.

EU rail legislation has consistently encouraged competitiveness and market opening, with the first major law in this direction dating back to 1991.

Legislation was based on a distinction between infrastructure managers who run the network and railway companies that use it for transporting passengers or goods.

Different organisational bodies must be set up for transport operations on the one hand and infrastructure management on the other. Essential functions such as the allocation of rail capacity (train paths that companies need to be able to operate trains on the network), infrastructure charging and licensing must be separated from the operation of transport services and performed in a neutral fashion, to give new rail operators fair access to the market.

Moreover, it must be guaranteed that public funds for infrastructure and for the payment of compensation for transport services (under public service obligations) may not be used to finance transport operations. This was to avoid distortions of competition and the unfair use of public money.

In addition, EU Member States must also have regulatory bodies in place to monitor railway markets, and to act as an appeal body for rail companies if they believe they have been unfairly treated.

Does this all sound familiar? In fact, it was a take on the UK's approach of running the railway network.

Even though there was clear strategy from the bill, there was enough ambiguity for interpretation. And this does vary, depending on the government at the time within each member state.

One thing that is clear is that despite which interpretation is made, the number of railway companies across the European Sector is far greater than just the old state railway company running all passenger and freight services.

For example, according to the *Railfaneurope.net* website, there are: 50-plus in Germany; seven in Belgium; 17 in France; ten (but due to expand) in Spain; 31 in the Netherlands; 19 in Austria; six in Bulgaria; 18 (but nine owned by one company) in Denmark; and four in Latvia.

> *"What is clear from these three major European countries is heavy state control and monopoly over the major passenger routes and services, but with openings for private companies to support the system."*

How this was interpretated varies between country to country and to some extent it depended on the government at the time.

For example: Norway, which had a centre right government, opted for three major franchise areas - South, North and Middle. Go-Ahead was awarded the south, and VY (ex-NSB, Norway's State Rail owned by Swedish Rail), was awarded the other two, which included the lucrative Oslo to Bergen route.

However, the Norwegian Government insisted that all the rolling stock had to be leased from a state-run leasing company (Norske Tog). Therefore, while opening the system to private companies, it retains tight control in other parts.

In the Netherlands, there is a different view. Nederlandse Spoorwegen (NS), the Dutch state-owned railway company, is part of the Ministry of Finance rather than the Ministry of Transport, which runs ProRail (which is the Netherlands equivalent of Network Rail).

The current structure of NS running 95% of all rail services dates to the early 2000s, when Karel Noordzij became CEO and reversed many of the previous reforms (the aim had been to provide a competitive marketplace) to restore confidence in the company.

The state no longer considered competitive passenger services to be viable, and began granting concessions with the goal of one concession per line.

NS received a concession to run main line routes until 2025. The remaining 5% were minor secondary routes that were non-profit making. These are put out to tender and run by private companies.

Is this a strategy potentially being adopted by the current UK Government? Think about the announcement that Avanti will stop running trains to Shrewsbury, with a saving of roughly £1.4 million a year, but at the same time operate a new open access service from Shrewsbury.

More recently, NS has again (along with the Dutch Government) been shrouded in controversy, with the renewal of the concession from 2025.

The fact that the Dutch Cabinet is awarding NS the concession at all is controversial. The rail company's competitors have filed various lawsuits against the award, accusing the government of violating European Union competition rules. The European Commission agrees and has started criminal proceedings.

However, at the same time, the Dutch Government is taking another step in liberalising the rail market. In the new concession, NS will lose the exclusive right to international destinations such as London, Paris and Berlin.

Turning to Germany, Deutsche Bahn (state-owned private company) is the main provider of railway services on a monopoly basis.

In recent years, several competitors have started businesses. They

Led by a Nederlandse Spoorwegen Vectron locomotive, the Berlin-Amsterdam inter-city service (which is operated by Deutsche Bahn together with Nederlandse Spoorwegen) is about to leave Berlin Hauptbanhof on May 8. ALAMY.

> *"In the more lucrative passenger market, state control and monopoly of train services remains, making it hard for private companies to make an inroad."*

mostly offer state-funded regional services on a concession basis, but some offer long-distance services as well. Regional and local rail traffic is organised and funded (as the fares usually do not cover the running costs) by the federal states.

The usual procedure under EU legislation is to award the contract to the lowest bid, by means of a tender procedure. The respective states are free to announce short- or long-term contracts, as well as to stipulate further conditions such as on rolling stock.

In recent years, many bids have been won by private rail companies such as NordWestBahn or Arriva, although some states have awarded long-term contracts to local DB Regio subsidiaries.

In Spain, there is a similar situation. Most railways are operated by Renfe. Metre and narrow-gauge lines are operated by FEVE (both centrally owned Spanish state companies) and other carriers in individual autonomous communities.

In France, rail transport is marked by a clear predominance of passenger traffic, driven in particular by high-speed rail.

SNCF, the national state-owned railway company, operates most of the passenger and freight services on the national network, managed by its subsidiary SNCF Réseau.

There are also a significant number of private lines/operators, although these are predominantly mountain routes within the Alps and the Pyrenees, which SNCF does not wish to own or operate.

What is clear from these three major European countries is heavy state control and monopoly over the major passenger routes and services, but with openings for private companies to support the system.

In the majority of the rest of Europe (and especially in what we will call the old Eastern Bloc countries such as Latvia, Bulgaria and Slovakia), passenger services are operated by the old state railway company - albeit in a new state-owned format.

While it appears that in most European countries, the majority of passenger services are operated by one state-owned company, freight is one area that has really opened out.

Owing to the competitive nature of moving goods, the majority of state-owned companies have either sold off their freight operations or have sought external support.

The latest is Renfe's loss-making freight business (Renfe Mercancias), with Swiss shipping giant MSC set to buy a 50% share in the company.

In addition, the European Investment Bank (EIB) has signed a €45 million (£38m) agreement with Medway ROSCO, a subsidiary of Medway Operador Ferroviário de Mercadorias (Medway OFM), the Iberian peninsula's largest private rail freight operator and part of the Medlog Group.

The project supports the expansion of rail freight transport services in Portugal and Spain (including cross-border services), thus enabling more efficient supply chains in the two countries.

The new services offered by Medway OFM will predominantly target less developed or transition regions in Spain and Portugal, thus contributing to strengthening the European Union's economic, social and territorial cohesion objectives and promoting sustainable transport.

The project will positively affect employment, as it is expected to create around 940 jobs during the implementation phase and 56 new jobs during operation.

Freight is less attractive to governments owing to the competitive nature of the business (running passenger services are more profitable). But what it does do is allow these companies to use their expertise and a lower cost base to maximise route options from the network/multi-territory services and thus maximise profit.

To summarise, Europe's strategy is to open the network to more competition, which results in lower costs for the customer.

This appears to have been successful in freight. However, in the more lucrative passenger market, state control and monopoly of train services remains, making it hard for private companies to make an inroad unless the state government (such as in Norway) produces a plan to open up the market, leaving the unprofitable routes for the private opportunities.

So, while both of the UK main political parties are suggesting increased state control, this does appear to go against European Policy, although in fact the new approach will see us becoming no different to the majority of European countries. ■

■ Steve Medhurst is the Global Rail Practice Leader at RSA Insurance.

Ian Tucker Opinion

Conservative and Labour: comparing the policies

At the Bradshaw lecture in February, Conservative Rail Minister Huw Merriman and Labour's shadow counterpart Stephen Morgan set out their opposing visions.

At the same time, we had the Rail Reform Draft Bill, which contained a degree of apparent consistency between the parties' positions (both were basing the future on a form of Great British Railways), as well as core differences (including around whether there would be an expectation of private sector involvement).

The Conservatives and Labour have now set out their stalls more fully on rail reform, with headlines suggesting that the proposals are diametrically opposed.

Labour would return train operating companies (TOCs) to public ownership, while the Conservatives would see TOCs continuing to operate as private entities pursuant to Passenger Service Contracts (which might in fact see these companies granted greater freedoms than under current operating arrangements).

In fact, the proposals have a great deal in common. Each raises a number of queries as to how the principles they describe would be implemented in practice. The paragraphs below draw out extracts from the proposals on a series of common issues, highlighting key themes and questions arising.

Ownership of passenger operators: key difference

The Conservatives envisage privately owned TOCs operating services pursuant to Passenger Service Contracts (PSCs).

Under the existing regime of National Rail Contracts, the government assumes revenue risk (in contrast to the preceding franchise agreement regime, where this risk was held by TOCs).

The Conservative vision contemplates a move towards greater freedom for private TOCs in certain circumstances.

Labour would bring the TOCs into public ownership, presumably in a manner similar to the Department for Transport's Operator of Last Resort, as the current contracts expire. This may include where contracts have a base term with extensions or a break clause.

Great British Railways: key similarity

The two proposals are almost indistinguishable in their description of the roles of GBR, albeit that the Williams-Shapps Plan for Rail adopted by the Conservatives (being significantly longer) includes more detail.

Both appear to agree that GBR will:

- Own rail infrastructure.
- Set fares and receive fare revenue.
- Procure passenger services.
- Operate timetabling.
- Utilise a regional structure, devolving decision-making.
- Take a long-term view (for example, a 30-year strategy).

On this basis, it may well be that a Labour government would be minded to retain much of the draft Rail Reform Bill that contemplates the creation of GBR.

The source of reliability: a similar mind shift but a difference in focus?

Both parties look to the GBR 'guiding mind' to improve reliability while driving efficiencies.

For the Conservatives, GBR will drive improvements in reliability by looking to shift TOC focus away from blame attribution towards prevention.

Labour will look to GBR at the helm of a unified network to provide holistic solutions, aligning the agenda of infrastructure management and passenger operations in the pursuit of reliable service.

> *"The parties are united in their ambition to reform ticketing, simplifying the system and innovating with new products."*

Fares reform: similar principle but a difference in practice?

The parties are united in their ambition to reform ticketing, simplifying the system and innovating with new products.

The proposals are similar in principle. However, how each government would choose to achieve this is critical to passenger experience. And this remains unclear.

Conservative governments have had a long period of time to simplify and innovate, but innovations are only now beginning to appear on an incremental basis.

Labour ambitions may be wide-reaching, but they have yet to be tested on the realities of who wins and who loses.

Service quality: a shared goal but a difference in who to ask to implement it

The Conservatives look to the private sector to drive a focus on quality, steering the focus of each TOC via commitments set out in each PSC.

Labour has set out a number of tangible quality markers that it will seek to achieve. The mechanism that Labour would deploy to incentivise service quality across each region is not described in detail.

Both parties therefore are looking to specify particular improvements (markers and commitments), but are potentially asking different entities to deliver them.

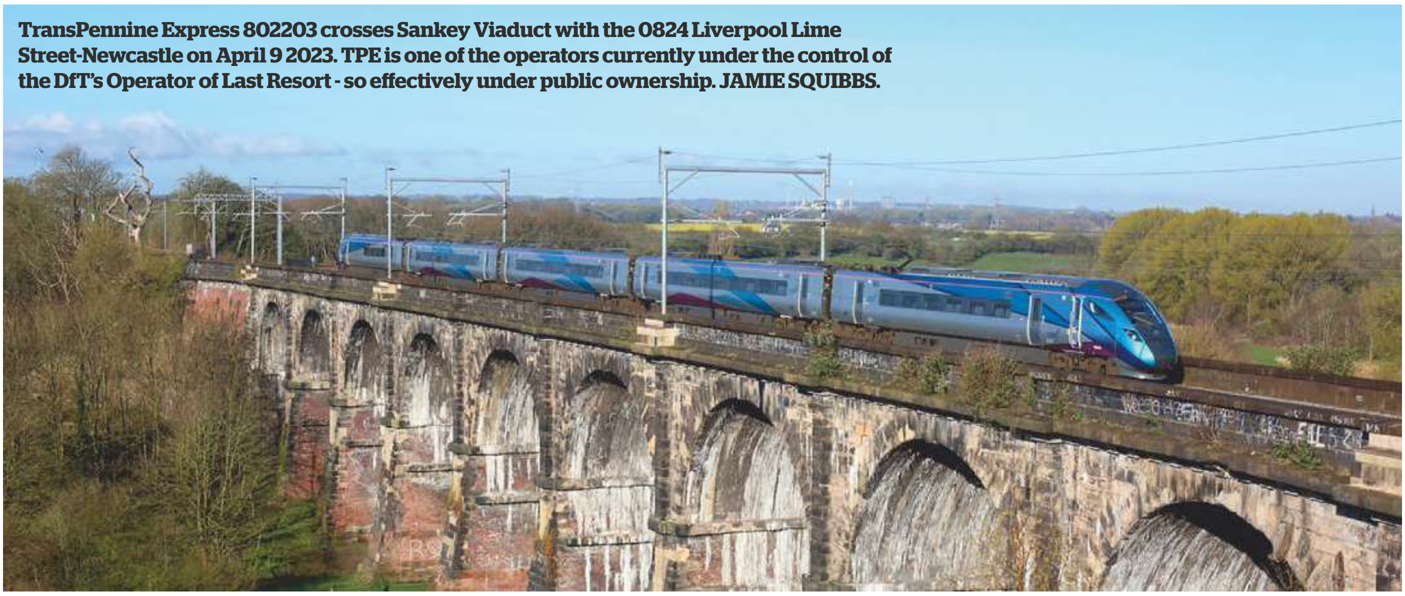
Accessibility: some space for an audit and development of actions

It is expected that accessibility will prove a key agenda item for both parties.

Under current plans, Great British Railways will be given a statutory duty to improve accessibility, building upon the existing work of the Office of Rail and Road (ORR) in this space.

A comprehensive audit of network accessibility would be conducted to provide robust, consistent and detailed information across the full range of facilities and standards, leading to a national accessibility strategy.

The GBR Transition Team has established



TransPennine Express 802203 crosses Sankey Viaduct with the 0824 Liverpool Lime Street-Newcastle on April 9 2023. TPE is one of the operators currently under the control of the DfT's Operator of Last Resort - so effectively under public ownership. JAMIE SQUIBBS.

a National Rail Accessibility Group to address this role.

It seems likely that Labour would carry this work on through GBR. The intention would be to use a whole rail network approach and input from local authorities, to better target investment to raise accessibility standards. At this point, therefore, this is also likely to require further review to add more specificity.

Safety: consistency in regulation and priority

Neither party proposes material changes to safety standards and regulation. Both expect ORR to continue to deliver the safety regulatory role.

One practical difference may be that ORR may come to behave differently as an organisation under Labour, if it loses much of the economic regulatory and approvals role it currently has and becomes more focused on the safety role.

Open access: a consistent welcome?

Both parties expressly contemplate an ongoing role for open access operations. This will be a key area of interest for private sector operators under either regime.

Labour notes that open access can play an important role within a rail system. Open access has a proven track record in driving competition and better passenger outcomes in countries where services are run predominantly by public operators.

Pre-Brexit, European law provided some in-built protections for open access, deeming this as a way of encouraging competition on rail networks.

UK law continues to enshrine these principles, but it would be open to a new government to amend the regulations if it wished.

Freight: high importance and statutory protection

Both parties acknowledge rail freight's important contribution to the decarbonisation of the UK economy and envisage an ongoing role for private freight operators contracting for access with GBR.

Both envisage GBR having a statutory duty to promote rail freight.

Each also highlights a key issue for freight: the need for a stable suite of regulations enforced by an independent regulator.

To attract investment, freight operators need confidence that their rights and allocated paths will be respected.

It is less clear whether the ORR envisaged by Labour will have the clout to allocate capacity to freight where that would affect passenger service ambitions.

Labour addresses this on the basis that GBR would have an internal freight team to allow a single point of contact, plus an overall growth target for freight set by the Transport Secretary.

The Regulator: substantial but different changes for ORR and passenger groups

Both parties identify the need for a strengthened passenger watchdog.

Labour would introduce the new Passenger Standards Authority, while the Conservatives would strengthen the role of Transport Focus. Each proposal would entail certain passenger-serving regulatory roles being transferred away from ORR.

Both parties acknowledge that the private sector will continue to play a role operating independent services in the rail industry, whether as open access or freight operators. This will need regulatory protection and an appeals process.

In a reformed landscape where power is overwhelmingly aggregated with GBR, ORR will continue to have a role to play in ensuring that rail regulations are properly implemented.

It appears that the Conservatives envisage a wider role for ORR in keeping GBR to account (including financially).

Labour's detailed position on this is not entirely clear, but it appears to envisage the Secretary of State and passenger representatives (and freight commitments) combining to ensure that GBR is doing the best for the industry as a whole.

Overall

There is a distinct and obvious difference in tone and terminology between the parties, with Labour stressing nationalisation (which arguably has already taken place to a large degree), while the Conservatives continue to highlight the role of private sector delivery and customer focus.

Whether these differences are as substantive as they initially appear is not certain.

Key differences may lie in practical actions within the structure and in the ownership of operators - as well (potentially) as the regulator's role.

However, both are behind a form of GBR, as well as a number of practical matters concerning the need to improve ticketing, access and quality while maintaining safety.

In a new government, both would also need to be much more specific. ■

About the author

Ian Tucker is a Partner at Burges Salmon. A specialist rail lawyer who has acted for sector clients for over 15 years, his background is in UK and EU rail regulation and industry dispute resolution.

Behind the mask... Ellie Burrows

PAUL CLIFTON fires the questions at Network Rail's Managing Director, Southern Region, who is addicted to fizzy drink…

When you were growing up, what did you want to be?
A solicitor.

What was your first job?
Washing hair in a salon.

First job on the railway?
Answering phones at National Rail Enquiries.

Morning or night person?
Morning.

What annoys you most?
Grumpy people.

Favourite food?
Chocolate.

How long does it take you to get ready in the morning?
Ten minutes.

What are you most proud of?
My three children. Three boys.

Most prized possession?
I can't say my kids, so…my tortoises.

Artist or scientist?
My degree was in applied economics, so that would be a science.

If you could change one thing about the railway, what would it be?
Reform the fares structure.

What is the railway's greatest challenge?
Sustainability of funding.

Career high point?
Chairing the Chartered Institution of Railway Operators and Inspire, Network Rail's employee network.

Career low point?
I was Southeastern's Train Service Director during the Lewisham incident, when a lot of passengers left stranded trains during the Beast From The East storm.

Who on the railway has influenced you most?
Dyan Perry.

Guilty pleasure?
Sci-fi novels.

Hidden talent that would surprise people?
I play the flute. I run a lot.

What temptation do you wish you could resist?
Everyone who knows me knows I drink far too much Pepsi Max.


ALAMY.

What book are you reading?
Empire World, by Sathnam Sanghera.

Favourite children's book?
The Very Hungry Caterpillar.

Best childhood memory?
Running through bluebell woods with my parents.

Favourite film?
The Sound of Music.

Favourite TV?
Stranger Things.

What was the first record you bought?
Hanson: *MMMBop*.

Favourite song?
Wake Me Up When September Ends by Green Day.

Beer or wine?
Wine.

Introvert or extrovert?
Introvert.

Cats or dogs?
Dogs. Or tortoises.

Greatest regret?
Not sticking with learning the piano.

Adventurous or cautious?
Adventurous.

Saver or spender?
Spender.

When you are old, what wisdom would you pass on to your grandchildren?
Live life while you can.

What car do you drive?
A Mini.

Favourite place in the UK?
Home.

Who should play you in the film of your life?
I would hate any film about me.

How would you like to be remembered?
Someone who is kind.

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