

Department for Transport
Great Minster House
33 Horseferry Road
London
SW1P 4DR

For the attention of Huw Merriman MP, Minister of State

16th February 2023

Dear Mr Merriman

Putting the Bradshaw address into practice

Railfuture welcomed the Transport Secretary's commitment in the George Bradshaw address to press ahead with rail reform, putting customers first.

We believe action is needed in three key areas to make improvements which deliver benefits for customers now:

1. Leadership to define the strategy and organisation, with effective financial management through bottom line accountability and aligned incentives as well as cost control
2. Customer focused train service delivery to reduce process, encourage individual decision making, improve productivity, motivate staff and satisfy customers.
3. Fares reform to attract more passengers and grow revenue.

We would welcome the opportunity to meet you, discuss these actions and identify where quick wins can be achieved.

Yours sincerely

Chris Page
Chair, Railfuture

Railfuture is a voluntary, independent group representing thousands of rail users across the UK

www.railfuture.org.uk

Leadership

Up until 1996 Britain had a command and control organisation in the public sector - British Rail. This was replaced under privatisation by a complex matrix of individual contracts. Individual parties were accountable, but accountable to their owners, not to the system as a whole. The “compensation industry” that followed, widely referred to as “the Money Go Round”, has become the main focus of the rail industry, with cost minimisation by each party involved replacing overall cost control. Each party needs a mark-up and the aggregation of these is a significant component for the reason why costs are out of control. This was the inevitable consequence of such a fragmented approach, now recognised as flawed.

The Secretary of State is responsible for setting overall policy, direction and funding. Leadership must come from within the rail industry.

GBR is designed to address this but at the moment GBR has not been implemented.

A single point of accountability is often quoted. Indeed a single point of accountability for GBR, the Chief Executive, is important in dealing with national government who fund the railways. However much more granularity is required, focused on individual services for passengers and freight customers. Accountability must be at this level if GBR is to be successful, albeit grossed up for the whole organisation.

There have been many attempts at cost control but in an industry with so many allocated costs, financial control must be accompanied by resource control where managers have a finite range of funds and physical resources which they must manage to the benefit of the customer. Income in this context must be genuine revenue, not playing the compensation game that rewards one player where another fails, ie failing the customer.

Such a governance structure does not easily lend itself to leadership in the industry. There are many proven capable leaders in the rail industry, the question is what they are leading and how far this is from the customer, and a lack of clarity on who is actually responsible for the service as presented to the customer. In fact, even recently, there have been surveys amongst management on who they see as the customer - the immediate contractual interface or the remote customer. The structure must make this crystal clear.

A further issue on cost control is productivity and the interface with the Trade Unions. The rail trade unions, particularly the RMT, have a history of successfully resisting productivity initiatives as a result of new technology, even quite basic technology such as electric train doors, playing the safety card at every opportunity.. Even with a unified structure prior to 1996, the RMT resisted such change. The RMT traditionally has a political agenda, not particularly to the benefit of rail staff they represent and certainly not the customer, as we have seen over the last year. Settling an industrial dispute is almost impossible.

There was actually pretty good management in the rail industry prior to 1996 and RMT strikes were still a regular feature, so just implementing a more unified organisation in itself will not solve the problem. It is nevertheless a necessary condition. The first element is to establish the need for specific productivity initiatives . A franchise as it is, is likely to take an easy option; treating individual groups of services as businesses is essential. The next element is leadership. Management must run these businesses directly for customers, like any successful commercial business. To do this management must communicate regularly and directly with the team they employ. The RMT does not pay rail staff.

Implementation of GBR is a necessary base tool to inject leadership and cost control. It must therefore be implemented immediately with leaders appointed to manage in the new format, drawing in what they need to do this from work already undertaken. Legislation is to follow.

Customer Focused Train Service Delivery

The core product of any passenger railway is its timetable. Rail users expect:

1. A reliable service, i.e. one where the advertised service actually runs.
2. A punctual service, i.e. on time or within an acceptable margin of on time.
3. The correct number of vehicles, so they have a fair chance of getting a seat.
4. Meaningful information to make informed choices when things go wrong.
5. To feel welcome and valued as customers.

Of course, the price, the cleanliness, the wifi working etc are important, but if the 5 basic requirements are not met, what customers want, then, as in any other business, rail use will not grow and revenue will never recover.

The present train service delivery in respect of all the 5 key deliverables is, in many cases, way short of passenger expectations and significantly below pre-Covid levels, despite a significant reduction in frequency and train loading on many routes, which in theory should have improved punctuality and reliability. It is imperative that this is addressed; no amount of fares promotion, new industry structures etc will matter if train performance does not improve. The success of the Elizabeth Line is as much about quality service delivery as it is about shiny new trains and stations.

The freight customer expects a responsive, flexible, can do approach in terms of service provision and access to the network.

So, what needs to be done?

1. Fill in the service gaps where decisions by individual TOCs have resulted in a major loss of connectivity.
2. Direct the entire rail industry to focus on train performance improvement. Stop all activities that are not related to safety, train service performance or revenue growth. No more awards and virtue signalling until the trains run on time.
3. Too many jobs in the rail industry do not directly support safety, train service performance and revenue growth. Redeploy those resources, the people and the money, to meeting the 5 key deliverables.
4. Simplify Network Rail processes and decision making to reduce timescales and save money. Network Rail needs to change from an asset management company to a train service delivery organisation.
5. Introduce metrics “with teeth” that get the industry back to T-12 (informed traveller), so people can purchase advance tickets up to 3 months ahead, expose performance shortcomings, and measure customer satisfaction and staff motivation. This must involve “name and shame”.
6. Insist industry players produce a resource plan with timescales that eliminates the need for overtime and rest day working by introducing 7 day rostering with a flexible working day. This needs to be contractually enforceable.
7. Enforce the existing Network Code that requires industry players to cooperate at times of disruption. The ORR and/or DfT need to be much more proactive in enforcing the Code.
8. Devolving authority and the empowerment of local staff has been promised – start making it happen now so decisions are made by staff who understand the interests of local customers (see also 9).
9. Move quickly to end the obsession with centralisation of operational decision making. This has been a disaster, particularly in the matter of train crew management during disruption. The data clearly shows the railway is technically more reliable (as it should be given what has been spent) but delays and cancellations have grown as real time command and control collapses when things go wrong. Disruption from a minor incident frequently lasts all day.
10. Make better use of rolling stock, traincrew and maintenance facilities by ending artificial boundaries between TOC’s. This is costing the taxpayer £m’s and introducing inherent train service unreliability. There are many examples of this.

Fares: Reducing complexity

The Independent Rail Retailers Association recently reported that there are 2,822 ticket types on National Rail, with 901 names and 665 restriction codes¹.

Rail often offers very good value fares – the author of this paper will shortly travel (at a quiet time) from near London to Sheffield with a ticket costing £12.85. But the complexity of the fares system hides these good value tickets and means that intending passengers are put off travelling by train through a combination of difficulty in understanding if the fare they are about to pay is good or bad value; worries about the difficulty of understanding what trains their tickets are valid on and what the trade-offs are between flexibility and price. The RDG (as was) has noted that up to 35% of potential travellers are put off by the complexity of fares².

Fares reform has been on the “to do” list for many years, but so far there have only been a limited number of initiatives such as the Flex-season which, while aiming to meet new types of demand, also increases (rather than reduces) complexity and LNER’s single leg pricing trial, soon to be extended. There is a natural fear with any fares reform that revenue will be lost. But a small reduction in price per journey can be easily offset by an increase in passenger numbers. Using complexity to squeeze the last pound or two out of the passengers who do travel ‘forgets’ that the consequent complexity disincentives many others from travelling.

Required changes such as the move towards single leg pricing everywhere, dealing with journeys in parts costing less than through tickets (split tickets), much more PAYG and reducing cliff-edge pricing are all essential for a new approach to fares that intending travellers will feel very comfortable with, but will take time to design and implement. We urge the DfT to continue to support innovation in fares and ticketing.

But, away from the headlines, change is needed now to show progress and confirm the direction of travel at a time when more use of alternatives to in-person ticket purchase is wanted. If changes are announced as experimental when needed, made progressively and monitored, impacts can be seen quickly and, if the effect is excessive, the change can be adjusted. In this paper, we suggest some first steps to achieve this.

1. *Initiate a programme of merging and relabelling ticket types and restrictions:* Reduce confusion and increase traveller certainty:
 - Where different types of ticket have very similar restrictions, merge them together (eg Off-Peak Cambridge to Ely: Greater Anglia applies code B4, not 04:29 / 08:45; Great Northern applies code B5, not 04:29 / 08:30).
 - Start using a wider range of ticket names – for instance, “Super Off-Peak” is vague and validity varies considerably (eg between Kings Cross and Peterborough, the ‘Super Off-Peak Day Return’ is a weekend only ticket; between Liverpool Street, it is a 7 day a week ticket).
 - Start applying other restrictions consistently – eg GroupSave (eg from Bedford to London it is available on Thameslink, but not on EMR).
2. *Start experimenting:* To build a data store to help understand the price / passenger number trade-offs:
 - Discover the impact of greater consistency & availability of off-peak restrictions (eg abolish outbound morning peak fares for travel from large cities (lower passenger numbers, so less risk).
 - Discover the impact of off-peak fares on commuter volumes (eg test on Mondays & Fridays in this summer’s school holidays).
3. *Produce some good news headlines on fare reform:* Tackle some of the worst problems:
 - Operator only fares: Have a ‘bonfire’ of all these fares unless they are different products (eg Avanti West Coast and London Northwestern between the West Midlands and London).
 - The Flexi Season: Make a simple tactical improvement through a small extension in the validity period from 28 days to 31 days to make it more appealing to two day a week commuters (by allowing the 8 purchased journeys to be spread across 4½ weeks, rather than 4).
 - *Railcards:* Consolidate similar conditions such as for those not usable in the morning peak Monday to Friday – eg: Two Together – valid from 09:29; Family & Friends - valid Off Peak (which is often c 09:30).

For additional detail refer to the Railfuture articles “[Fares after Covid](#)” and “[More on Ticket Offices](#)”.

¹ Modern Railways Expo, 23 November 2022, Milton Keynes

² https://www.raildeliverygroup.com/files/Publications/2019-02_easier_fares_for_all.pdf#page=5