

Stagecoach Group CEO and RDG chairman Martin Griffiths speech to the Derby and Derbyshire rail forum annual conference

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Check against delivery

I thank the Derby and Derbyshire Rail Forum for invitation to speak at its annual conference.

Pay tribute to its work in promoting the continued growth and reputation of the region's rail industry.

Particularly pleased to be here as 2014 marks 175 years since Derby's rail industry was established.

Railway has been central to the economic growth of Britain.

First passenger services between Derby and Birmingham began in 1839 and the railway is part of fabric of this region. It's also home to the biggest cluster of rail-related companies in the world.

The best in manufacturing, technological expertise and innovation.

Celebrating success is so often something we do not do enough of in this country.

And we are successful. Standing here in 2014 and looking back over the past 20 years, the franchised railway in this country has been an outstanding success on a multitude of measures.

Our network is carrying more passengers today than at any time since the Second World War.

Since privatisation in the mid-1990s, passenger numbers have doubled and freight traffic has risen by 60%. One million more trains run every year than ten years ago. That means we are getting more people to work and goods to market.

Our railway is among the safest in Europe – a tribute to the professionalism of frontline rail workers and the management teams who support them.

That dedication and resilience was evident for all to see in the tremendous response to the unprecedented storms that buffeted Britain in recent months.

Between December and February, engineers and rail staff dealt with more than 500 fallen trees blocking lines, 285 flooded sites and more than 70 landslips or line washouts.

The graphic pictures at Dawlish understandably grabbed the headlines, but the heroic response of our industry was demonstrated across many parts of our network.

Even with these challenging extremes of weather, rail punctuality is at near record levels, with more passengers arriving on time.

Britain's railways are also financially successful. We are earning more money for government to help sustain one of the greatest investment programmes since Victorian times.

Our industry is delivering more trains, better stations and faster services.

Crucially, we are winning higher praise from passengers than in France, Germany and the Netherlands.

Contrast this with the state of our network and the service our customers ensured three decades ago.

It had the lowest number of passenger journeys of the second half of the 20th century.

Trains were old, passenger revenue was the lowest in real terms since the late 1960s and costs were out of control.

Strikes were rife, service was poor and there was no proper system of measuring punctuality.

Taxpayers felt the pain as well and the network had a growing deficit of nearly a billion pounds.

Perspective can throw an illuminating light on performance.

Stagecoach, the business I am responsible for, and the other private companies who have run passenger and freight services in the mid-1990s, have been central to that success.

The other key factor has been successive governments investing massively in the industry through Network Rail, which maintains and improves rail's infrastructure. Together, the public and private sectors are delivering more for passengers.

Improving our railway and providing the service our passengers and freight customers deserve is a shared responsibility.

That involves stakeholders responsible for the many varied and important parts of our railway – the running of passenger and freight services, investment in stations, improving the infrastructure, manufacturing and maintaining trains, the technology that drives our increasingly sophisticated ticketing systems, and the supply chain that produces everything from train seats to toilets.

I am in no doubt that the franchised rail model has been a catalyst for growth and improvement, reversing decades of decline and providing a platform for future expansion.

The facts speak for themselves. Britain's train operators, incentivised to attract passengers, are helping to reduce public subsidies and sustain investment in more and better services when other public services are being squeezed.

Passenger revenue has risen by £3.2 billion since the mid-1990s, most of which comes from more people using trains.

Train company margins have remained on average at around 3%, while the money train companies generate that goes back to government to reinvest in services has risen fourfold.

These are the facts about our railway – not the myths we so often read about.

But we cannot afford to stand still and we need to have a vision on how we can take our railway to the next level.

Your conference today is about CP5 and building the railway of tomorrow. And CP5 is an incredible £38 billion programme of work over the next five years.

It includes some £17 billion will be needed for maintenance and renewals, while a further £12 billion is to be spent on major enhancements, particularly large-scale electrification projects which include the Great Western and Midland Main Lines.

It's a plan for a safer, higher performing and more efficient railway. It's the biggest investment in rail since Victorian times. It will improve communities, make journeys better, support business, act as a further catalyst for innovation and ensure the railway plays its part in tackling climate change.

Let's not forget what CP5 is about. Ultimately, it's not about infrastructure – although that is where money will be spent.

It's about people. Both the customers who depend on the railway – to connect with jobs or to transport their goods around the country – and the rail workers whose commitment is crucial to making that plan a reality. It's also funded by people – a large chunk by the millions of customers we carry on our trains every day.

For passengers, it's about the quality, comfort, cost and reliability of their journeys. For business, it's about their supply chain, developing markets. For our country, it's about connecting our communities and growing our economy.

It's about outputs, not inputs.

Network Rail has been tasked by the Office of Rail Regulation with meeting stretching targets – cutting costs by 20%, ensuring more than nine in 10 trains run on time. But all of these are challenges for the whole rail industry, not just Network Rail.

The only way we will deliver a better railway and a better value railway is if we challenge ourselves, switch our mindset and work more closely and collaboratively.

Partnership is very close to my heart. It is one of the key factors in our success as a public transport operator. Our bus division has been able to grow the number of people getting on

board our services virtually every year over more than a decade. Strong partnership working has been the foundation of our success.

It is also central to the way we work on the railway, whether it is with the Department for Transport in helping deliver an even better franchising model or introducing much-needed extra space for our passengers.

Just last month, South West Trains started running the first ever 10-car regular passenger trains between Windsor and Waterloo. It marked a key milestone in the delivery of a £65 million investment programme to improve rail services on the UK's busiest commuter rail network. Over the next 12 months, a further 98 carriages will be rolled out to boost peak time capacity on a number of mainline and suburban services.

Nowhere have we seen the practical benefits of partnership more clearly than at our deep alliance with Network Rail on our South West Trains franchise.

Since we launched the South West Trains-Network Rail Alliance in April 2012, we have consistently been able to make faster, better and more joined up decisions about the infrastructure and train service.

As well as better short, medium and longer-term planning, the Alliance is also helping us manage disruption and recover more quickly when things do go wrong. In the first year of the alliance, the amount of time taken to recover from an incident reduced by 11%.

That is a direct result of creating better working relationships between South West Trains and Network Rail staff. Our teams are now co-located and are putting an increased focus on even the smallest delays of one or two minutes

The recent storms, too, have illustrated some of the key benefits of this partnership working:

It's delivering better incident leadership – taking a view of the network as a whole and making decisions to help the largest number of passengers.

Having a greater understanding of the challenges and solutions we each face across infrastructure management and train operations means we could deliver a quicker response.

Employee engagement and communication has improved: during the recent winter storms regular communication updates were distributed to all Alliance employees while management volunteers worked together to provide extra customer assistance at stations.

Customer communications – an area we all need to focus on more – were faster and clearer. This allowed customers to take informed decisions early.

Finally, the focus on customers and aligned incentives has stopped perverse decisions driven by misaligned performance regimes. One small illustration of this was a quick decision made to provide accommodation for heavily delayed passengers at a Yeovil hotel.

Of course, as an industry we are not blind to the challenges ahead.

Last year, even in difficult economic conditions, passenger journeys rose by 4%, and freight traffic grew by 3%. This has put great strain on the network, which is near to capacity in places, particularly in the south of the country. CP5 envisages growth of around 14% in passenger demand and 4% in freight volumes.

Investment now is helping to put right the underinvestment of decades ago as we work together to tackle overcrowding. We know that collectively we need to continue to deliver better value for money for the taxpayer and reduce operating costs.

We also need a mature and grown-up debate on how the railway is paid for rather than the annual political posturing over rail fares. The private sector has shown it can attract more people to rail travel through ideas and innovation. Passengers deserve honesty from their elected representatives on what they believe is the appropriate balance between ticket prices and taxes.

As Michael Roberts made clear earlier, I see the Rail Delivery Group as providing the key focus, leadership and meeting its share of responsibility to help meet these challenges head on.

We will also continue to make the case that money invested in our rail network is money invested in the economic present and future of our country. From the role it plays in accessing jobs and boosting connectivity, to the tax contributions which help fund investment, the railway plays a central in our daily lives as consumers and businesses.

Finally, I would like to end with a call to arms. There are some in our industry who feel that the RDG does not have a powerful or credible enough voice. I don't buy that analysis.

Last month, the RDG gave a clear message on High Speed 2 – the biggest rail infrastructure investment since the Victorian era. We called on all sides to move on from the debate around whether we should proceed and to work together to make sure we get the best out of this generational opportunity to increase capacity and improve connectivity.

Although the new line will not open until 2026, construction of Phase One is due to start in 2017 – right in the middle of CP5. Detailed planning is needed now to make the best use of HS2 and the rest of the network once it is built.

We are 100% committed as an industry to working with government, HS2 Ltd, passenger groups and suppliers to help ensure the new line is a big success. We will also keep up the pressure on government to ensure there is also sustained investment in the existing network.

That is the sign of a strong and confident industry. We have a vision for the future. We have a clear grasp of the practical challenges ahead and we have the energy and ideas to step up to the plate.

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