



THE GEORGE BRADSHAW ADDRESS 2019

George Bradshaw Address 2019

Keith Williams, Independent Chair of the Williams Rail Review

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Introduction – the case for change

It is a privilege to be here to deliver the 2019 George Bradshaw address to such a distinguished audience - and to be given the opportunity to offer some preliminary thoughts on the Rail Review .

First of all, it has been particularly pleasing to see the level of interest in the review. I gather that the demand for tickets for this evening has been such that not everyone has been able to get a seat. In my last job I would have seen that as a yield management opportunity but I now see it as an overcrowding problem. But more of that later.

I have been treated with every kind consideration since I started with only the very rare exception. Early on I was quizzed by one individual who asked: “what can someone from the airlines do for the rail industry”. Perhaps it was a rhetorical question. It could have been worse – given my background he might have asked more pertinently what can an accountant could do for the rail industry? – so I’ll take what I can get.

Well 5 months into the review I have learned that if the airline industry is like a game of chess, then today’s complexity in the UK rail industry is more like a Rubik’s Cube and (by the way) only 5.8% of the world’s population can solve a Rubik’s Cube.

So why, you might ask, would anyone want to take on the job of sorting out the seemingly entrenched problems of this, the most complex of industries. Problems that have endured despite many separate rail reviews in recent years.

The answer, I believe, is in a shared belief that we are at a crucial juncture where public trust crosses the industry’s ability to deal with change. I believe that for the railway to be successful it needs to put passengers at its heart. And in summary that is what I am going to talk to this evening.

But first one opening comment. Whilst there have been multiple reviews over the last decade this is the first full-blown rail review to be supported by government for some considerable time - with a very clear commitment from the Transport Secretary and from the Bernadette Kelly and the whole of the department’s executive to encourage myself, the expert panel and my team to bring in root and branch change. That is the context on which we are working.

The case for change has been building

The case for that change has of course been building.

It is far too simplistic (I believe) to say that this is driven purely out of recent events - franchise difficulties, the timetable fiasco, recent studies into passenger trust or the tail off in passenger growth. They clearly don't help the industry's case but there are also longer-term catalysts for the review.

On any measure there is a huge amount of determination within the industry to respond directly to these events – and actions are already in hand in many cases.

The industry is not blind to the issues it faces yet has found it hard to address them. Customer satisfaction is declining and there is widespread lack of public trust. According to Which's latest consumer insight tracker, only car dealers are more distrusted by consumers than train travel.

This is not new. Speakers who have addressed this audience over the years have called it out.

As far back as the very first George Bradshaw address in 2011 Rick Haythornwaite spoke about the gap that existed between what the industry thought it was delivering and what the public thought of what was being offered. And last year Sir Peter Hendy spoke about the need for public confidence in the railway.

This has for too long been a recurring theme and we have reached the point at which some uncomfortable truths need not only to be acknowledged but acted upon... that while the industry has achieved enormous success over the past decades:

- doubling passenger numbers
- running more trains than at any time in the railway's history
- whilst delivering improvements in safety
- and seeing more money spent than ever on improving the railways

That despite these successes we cannot ignore some harsh realities: that poor performance, fare hikes, disruptive industrial action and the failures to deliver key infrastructure on time or to budget have contributed to a few dismal years for the railway.

Whenever things went wrong in my previous job the press office would trot out how many billions we were spending on new aircraft or kit such as de-icing equipment - but try saying that was good news to the person stuck on the runway in a snow storm it pretty quickly would wear thin. It is a similar case here. When things go wrong I see protestations that the industry is spending billions on improving the railway - against what customers are experiencing daily it risks becoming another hollow statistic.

And that's a shame, because, unlike some competitor countries, we are spending on the railway, in offering new services, purchasing new rolling stock, and renewing and enhancing the network. The May timetable change, for instance, was designed to offer thousands of new services, hundreds of new trains, and much improved critical infrastructure – but as a system we were unable to deliver on this investment. And the customer suffered.

It is a hard truth that - despite everything that is being done and all the money that is being spent over time - the rail industry has lost sight of its customers – passengers and freight - and therefore lost public trust.

Passenger focus

I can't emphasize the point on passengers enough. The railway is not run for engineers, or shareholders, workers or politicians. It is run for passengers.

During this initial period of engagement, the Review team has been told by passengers how the journey experience often baffles and sometimes alienates. To replay some of what we have heard.

What passengers want is a reliable service that gets them where they are going when it says it will. They want to be treated as part of the railway, like customers. Communications are often poor, especially when things go wrong – and we should expect better from operating companies and Network Rail here. In the last few years, performance for many has gone backwards, when it should have gone forwards. Fares and ticketing are confusing. Most people want the basics sorted out.

As part of this, we need to do more on making it easier for customers to access the compensation they are entitled to and improving accessibility for all users, including disabled people. I've asked the ORR to advise me on what more could be done by rail operators to improve this, and whether more regulatory powers are required to ensure it happens. They will report back within the timescale of the Review recommending action to help transform compensation and accessibility across the network.

Now, of course there's a huge amount of work going on within the industry to respond to these complaints.

For example, the Rail Delivery Group, our hosts this evening, published proposals on simplifying fares structures just last week.

The department is consulting on an extension to Pay As You Go.

There are improvements coming from the Glaister review into timetabling and I've been impressed with the customer focus that Andrew Haines is seeking at Network Rail having completed his 100 day plan.

More of this is needed and the industry needs to fundamentally realign itself to its customers – passengers and freight. Passengers must be at the heart of the future of the railways or they will turn away.

I know that none of this will sound new to many of you but it is important to have a common understanding of the start point if we are to have a successful rail review. If we can agree that there are symptoms which have led to the lack of public trust - then so too we can acknowledge that some medicine needs to be applied to bring the industry back to health.

Tackling the fundamental causes

My team and I have been listening for 5 months now - what have we learned?

We have seen enormous passion and engagement and had the benefit of great wisdom and knowledge.

But nothing has convinced me yet that today we have either a common vision or the capability across the industry to make the railway truly customer centric.

I can see that worthy efforts to improve things for customers are all too often frustrated not because of lack of will but because no single organisation owns the problem, or is sufficiently incentivised to take responsibility to drive through change.

I can see that there are many barriers which prevent the industry from improving and modernising its services for customers:

- fragmentation and short-termism
- lack of accountability, flexibility and joined-up thinking
- conflicting interests within the structure of the railway

And the need for leadership throughout the system - where everyone knows their responsibilities and is held to task on performance.

The success of the Review

I've listened to customers and the industry across the country, from Wales and the north of England to Scotland, London and other English regions. I have learned a considerable amount and it is time for us to give you some indication as to what we believe is at the heart of the review.

I see our role not just to tackle those recent problems that passengers have experienced but also to tackle the more fundamental underlying causes of those problems... the barriers that we have identified must be addressed if the railway is to meet the needs of both today's and tomorrow's customer.

It is no longer helpful or relevant to see the industry purely in terms of ownership, being state run or privatised.

Rather, my role is to realign the different parts of this fragmented industry so they face the same way with shared incentives, with risks (and rewards) sitting in the right places. Always with a singular focus on the customer.

Key priorities - commercial model

If that is what the review is seeking to achieve, today is a first opportunity to give you some of our thoughts on priorities: Looking firstly at the commercial models.

Many of you have told me that the current rail model is no longer fit for purpose and that (while justifiably proud of what has been achieved) the industry no longer possesses the same ability or incentive to innovate at the pace at which customers expect - that what worked 20 or 25 years ago no longer works today and will not work in the future. That's a huge concern in a fast changing world.

I have heard a great deal about the franchising model which has been one of the innovations of the railway since the nineteen nineties - driving growth in passengers and benefits to services. But with this growth the needs of passengers have changed, whilst many of the basic elements of our rail system serving those needs has not kept pace. Too often the current system incentivises short term behaviours and inhibits reform.

We are now in a different phase. Passenger growth can no longer be taken for granted and there is less certainty about how the economy is going to fare in the future.

There has been less ability to deliver on innovation. The reputational risk for franchises has increased whilst at the same time returns are less than expected in some areas.

These are hardly the conditions we need to develop a modern rail industry to attract future investment.

Put bluntly franchising cannot continue in the way it is today. It is no longer delivering clear benefits for either taxpayers or farepayers.

The review will continue to examine what the best commercial model or models for the future might be.

Key priorities - affordability

We will also face into the longer term issue of affordability. Passengers are no longer willing to pay more when their perception of service is getting worse.

Today we are publishing the first in a series of papers which provide factual summaries of a number of key issues in the rail industry. This paper focuses on the role of the railway in Great Britain and on its costs and benefits.

The paper highlights many of the benefits which rail travel brings - how it handles large volumes of commuter traffic, the role it plays in leisure, the benefits to business and the growth in freight. It also looks at such things as its environmental credentials.

It also highlights the vast amounts of money that government has put into rail - reflecting the importance of rail to our country and the need for investment to maintain and enhance our railways. This investment was around half of taxpayer's annual public spending on transport in the UK last year.

Given this I am clear that my findings will need to ensure that Britain's railways are financially sustainable for both taxpayers and users.

Key priorities - structure

And finally a lot is said about the rail industry structure. I have left this to last because my own starting point in the review has always been to look at what rail should do and the structure should follow.

But what is true is that system - from Network Rail, the Department for Transport and the ORR, to train operating companies and their workforce - does not have the structure and clarity of accountability it needs to properly deliver.

That's reflected in Andrew Haines's conclusion that there's need for "radical change" at Network Rail...

To boost performance. To bring track and train closer together. And increase devolution, with more localised management.

It's difficult to argue against these objectives. Most within the industry agree with them and they seem to be pointed in the right direction for both customer and taxpayer.

But the question is how to achieve these objectives across a sector with very diverse needs?

There is a general frustration within the industry that rules and regulations are holding back innovation and problem solving.

And there is frustration on the public side that they have to specify more and more to get the best taxpayer outcomes.

These are all issues which the review is examining in the context of an industry that's no longer where it was twenty five years ago.

We need to recognise that there is unlikely to be a 'one size fits all' solution which will work for every part of the country and all types of passenger.

That's why we will continue to consider all potential answers.

From new models of franchising to greater public control of contracts.

To much more localised decision-making and integrated concessions, where those operating trains and managing infrastructure work together in genuine partnership, acting like a single business absolutely focused on customers.

We will follow the evidence, and suggest the most practical measures to fix the system. But whatever we suggest needs to be taken in the context of creating clear accountabilities.

All of this needs to start happening quickly, for the sake of customers.

Maintaining the essentials

But I'm clear that my challenge is doing that without losing the many positives of the Great British railways, what I call the essentials!

Safety and environment - the UK's safety culture and record is second to none. It's almost taken for granted by passengers and that's a fantastic credit to everyone in the industry. I'm also determined to ensure that the rail network continues to make a major contribution to a cleaner UK transport sector.

Freight – which makes a vital contribution to the UK economy not only by moving goods and materials, but also taking vast numbers of vehicles off the road network. The RDG estimates that rail freight secured over £1.7 billion of benefits for the country in 2016. If the future strategy for the railway doesn't work for rail freight, it's not the right strategy. Any future model must sustain opportunities for our important freight industry.

Workforce – what a dedicated and hardworking group of employees this industry has. It's a great benefit for the railways. I will be looking at how we can improve employee engagement in the Review, to get the best from these vital people at the heart of the system.

But that will mean tackling some challenges, too. A modern industry needs a modern workforce, one that reflects the society it serves.

I have been impressed by the recognition of the challenges which the industry faces in this respect - concerns about skill and about diversity - but we need more accurate information on these issues and we need a means of making things happen to build the workforce of the future.

I am sure the DfT will want to quickly look at this and I have asked my team to assist. I also ask everyone here, from unions to operators, to help us.

Concluding remarks

So to conclude - the Review's task – indeed all our tasks is to prepare the railway to adapt to a fast changing world. Now it's up to us to respond.

Over the coming months we will continue our extensive engagement with the railway industry, with passengers, and with business. This will be followed by other evidence papers and a further call for evidence next month.

I don't pretend the journey to become a customer focused railway is going to be easy and it will mean accepting trade-offs. Between capacity and reliability, for example; between more services and resilience; between cost and quality. Or simply accepting that not everything can be done at once.

And it will take time to implement, balancing local input and requirements, against those of maintaining a national network.

We must resist the urge to promise all things to all people or to let ideology get in the way of practical, intelligent, creative solutions.

I've been very impressed by the commitment and ambition of many who have contributed to the Review. There's real hunger for change within the industry as well as outside. We will continue listening to what you have to say and learning from your insight and experience.

Then in the autumn we will bring everything together and alongside government, recommend change through a White Paper. It will be the culmination of the biggest review of the railway for generations...

I mentioned at the beginning that solving today's problems in rail is a bit like being presented with a Rubik's Cube - if you go onto the web you will find numerous algorithms by which one can solve a Rubik's Cube in 6 or 7 simple steps. I am encouraged by everything I have seen and everyone I have spoken to - from the department, all of your industries here today and the trade unions - that we will jointly devise these algorithms for the railway.

Thank you for listening.