

## RAIL Magazine article

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17 June 2017

A recent academic article reported in the national press has concluded that the cost of running Britain's railway has increased by more than £50 billion since "privatisation". However, in my opinion this conclusion is not only flawed but is also potentially dangerous.

One danger of this conclusion simply being accepted is that it undermines progress with changes the industry is already making, for example, to focus local teams on delivering for their customers. Another danger is that it distracts from critical decisions which need to be made, regardless of how the railway is organised, such as on fares reform or further investment in capacity. It could even rekindle a nostalgic view of the past which would devalue and destroy the work of thousands of railwaymen and women at a time when the industry needs to attract more people - and more highly skilled people.

Many experts have repeatedly tried to unpick historical data to try and make meaningful comparisons across eras. Unfortunately, I haven't had a chance to discuss this latest report with the authors, but such a task is fraught with difficulty. The reality - and big problem - is that heroic assumptions have to be made and these different assumptions can lead to divergent conclusions. I shall highlight just three of the issues which appear to have been given insufficient weight in this latest analysis.

The first is growth. Towards the end of the 20th century, the railway was not loved and was seen as a declining industry with reducing relevance to the future of Britain's economy. Since then, however, the number of passenger journeys has more than doubled to 1.7bn - and this, combined with punctuality of around ninety percent means that 800 million more passengers a year are arriving on time compared with twenty years ago. That is a significant achievement. Spare capacity has long since been used, which means that this fantastic growth story has come at an increasing cost. Rail is now critical to our economy and so successive governments have seen this as a cost worth paying. These additional costs aren't just about more carriages, because the cost of creating space on the network to run those carriages increases as the railway gets busier. There are also many hidden costs, such as those from having shorter periods of time in which our infrastructure can be maintained or improved.

The second issue is about how the industry looks after its assets. With hindsight, it is clear that too little money was going into this in the last decades of the 20th century. We have learned this the hard way and have spent much of the time since then catching up on decades of infrastructure underspend. This cannot be achieved overnight. The same principle also applies in other areas such as skills. This is now increasing but it takes time and it also comes at a cost. So, comparing the industry's costs now with those of the past is at best heroic. At worst it could be used to justify cuts which the country will likely regret later.

The third issue is the level of service which customers rightly expect today compared with the past. Nobody would claim that the railway is meeting all customer expectations. Indeed there are important areas where further improvement is essential - which is why more investment and more modern technology are required. It would be equally wrong to deny the significant improvements in most

trains, many stations and aspects of customer service which have been achieved. Today's railway is of a far greater quality than at any time in the past, so we need to talk about value as well as cost. Many stations have been transformed into proud gateways to the communities they serve. Trains now routinely have power-operated doors, air conditioning, Wi-Fi, at-seat power sockets, sophisticated safety systems and CCTV.

A look at international comparisons can be helpful. It is an established fact that in recent years Britain has consistently had a railway which is among the fastest growing and safest in Europe. Despite having a much more intensively used railway (and whatever you might read in some sections of the media) it is also a fact that punctuality is comparable with other countries while passenger satisfaction is near the top of the league. Our liberalised rail freight markets are the envy of many countries yet this is not widely appreciated here.

Our operating costs are lower than in most other European countries and the independent regulator has suggested that Britain's railway is moving to be a leader among its peers. The myth which became established a few years ago that Britain's railway was less efficient than others has been discredited as other countries have acknowledged that the data was not like-for-like or that they need to spend more on looking after their assets. We should avoid making the same mistake again by using incomplete comparisons with our own past.

The record of Britain's railway is partly why other countries are copying many aspects of how we are organised. It is also partly why British transport businesses have been successful in exporting their expertise to other countries. At the same time, overseas railway companies and successful international suppliers have established bases here, bringing jobs and investment with them. As the industry tackles the challenges of providing yet more capacity through the application of digital technology, the opportunities for our railway, for our businesses and for our people to thrive and prosper are potentially even greater.

All that said, let me make very clear that I am not saying that the industry cannot become more efficient - but the answers are not as simple as some critics suggest. Our industry is not standing still! The model is still evolving to enable its constituent parts to work as one railway, with local teams focused clearly on the needs of their customers. This collaboration enables vibrant markets to work together in a joined-up way so that better connections can be created for customers, communities and businesses. By making the best use of technology or modern working practices, the customer-experience can be transformed at the same time as providing more and better job opportunities.

Decisions about matters such as fares policy and service requirements are largely a choice for government regardless of how the railway is organised, which is also, ultimately, a matter for government. That has long been true and for as long the railway provides an important public service, in which significant public money is invested, it will remain true.

But the industry nevertheless has a crucial leadership role to play, not least in informing and shaping those decisions - and then actually delivering change. This includes helping to ensure that government and the public look objectively at international and historical comparisons, especially when our railway is already changing and is becoming even more important to economic growth and to building stronger communities during a period of such great uncertainty.