

# Railroad to recovery

The Rail Delivery Group's **Michael Roberts** tells **Tony Grew** improved efficiency on the railways could see money flowing into government coffers in the years to come

**T**he future for Britain's railways is ripe with potential. Franchises on 11 routes are up for renewal in the next parliament, and the industry is both embracing new technology to improve the customer experience and steaming ahead with efficiency measures worth up to £1bn.

"Over the next few years we are set to see continuing growth on the railways, customers continuing to expect higher quality of service, and we would encourage any incoming government to think about its strategy for rail," says Michael Roberts, director general of the Rail Delivery Group (RDG) and chief executive of the Association of Train Operating Companies.

RDG was set up in 2011 and brings together the owners of Britain's passenger



train operating companies, freight operators and Network Rail to promote greater cooperation and leadership in the industry, working with government, the supply chain and passengers.

“Government actually has a very significant role in the way that the railways are shaped – they invest heavily in rail, they contract with train operators to run the services and government directly controls about half of the fares in the system,” explains Roberts.

“Working with RDG, whose job is to try and identify solutions to cross-industry problems on ticketing, capacity or whatever it might be, looking at how we can encourage players in the industry to work more closely together by making sure we all have the right sort of incentives to find common solutions.”

The next government will have some big decisions to make about the rail industry. RDG estimates that increased efficiency could release up to £1bn from the rail industry to the government. His advice to the political parties as they put together their manifestos for next year’s election is to think about “how they would use all those levers at their disposal to achieve the right mix between the level of fares, quality of investment and the level of subsidy”.

He adds: “This is a really important priority, day-one priority, for any incoming government.”

Roberts says the next government must “use its role intelligently over the next five years”. During the course of the next parliament 11 franchises will be going to competition, covering two thirds of the market.

“There is a fantastic opportunity there for a new government to shape the future of the railways for many years beyond the lifetime of the parliament. So thinking about what it wants the franchise to deliver to the customer is a really important priority.

“The final thing is to work with the industry to build on the way in which the railways have operated in recent years to

improve on the structures which are there.”

Roberts says Network Rail has improved efficiency over the last decade by nearly 50% and has a target to improve even further on that. RDG has recently identified the potential to save £1bn by the end of 2019, achieved partly through better planning of maintenance and engineering works, making sure that when part of a network is out of service that time is used to its maximum potential.

“If, for example, an eight-hour window for work is identified, then work will start within a few minutes of the resources arriving on the scene and you work right up to the end of that,” says Roberts.

## “There is a fantastic opportunity for a new government to shape the future of the railways for many years”

“It sounds like a very obvious thing to do, but there is huge opportunity for common sense. Having a look at where we can rationalise or remove some of the redundant track work – it’s not about reducing the capacity, it’s about the way costings and switches are operated. Ultimately, it’s about better planning of some of the bigger improvement projects on the network over the next five years.

“There is a major investment programme, not just replacing what we’ve got but increasing the capacity through new schemes – new track, new layout, new signalling – and getting operators and Network Rail together at the very beginning of some of these projects and being very clear about the scope of those works.

“Again, this is an area where we

think there is major opportunity, and all of those things combined add up to the opportunity that we’ve spotted of potentially £1bn worth of savings.”

For the incoming government, that £1bn could be used to reduce the level of taxpayer support, for more investment or to reduce fares, or a combination of all three.

“A point we’ve been making to all the parties is as an incoming government, you need to set out your stall in terms of how you see that equation working in the best interests of what you set out to achieve for the railway,” says Roberts.

“That is for both passenger and freight users and for the country more generally, because at the end of the day, railway supports our economy. We’ve been encouraging people to think about ensuring there is an honest debate. Anyone can say we should have lower fares, more investment or we should reduce subsidy, but actually you’ve got to join all those dots together to be coherent.”

While arguments continue about the decision of John Major’s government to privatise rail, with some in the Labour party still calling for full or partial renationalisation, what is inarguable is the success of the railways since they left public ownership.

Since 1997-98, annual growth in journeys has grown by around 4% on average compared to 0.3% in the previous 16-year period – a more than tenfold increase in the growth rate. And with 1.6bn journeys now being made, passenger growth has outstripped state-operated European systems. Between 1998 and 2011, the UK’s railway has grown by 62% compared with 33% growth in France, 16% growth in Germany and 6% in the Netherlands. Over the same period, journeys per head of population increased by 53% in the UK compared to 22% growth in France and 16% growth in Germany.

Roberts says RDG is focused on continuing to improve services. “When as an industry you’re running something





like 20,000 services a day, inevitably we don't always get things right, and our vision as an industry is to make what we believe is Europe's best railway even better by running more, better, faster services at high levels of safety."

For customers, a reliable service is the key priority, along with "a reasonable expectation of getting a seat for their journey, particularly if it is over a certain length of time," says Roberts.

"They are also keen to see simpler arrangements around ticketing and particularly to see more use of modern technology – whether it's smart cards or mobile phones or other media – as a way of buying your ticket to travel.

"In the south-east of England there is a project underway to extend the use of smart card technology beyond London, where Oyster has obviously been used for many years, to a much wider catchment area in the south-east.

"Train companies are working together on some of the technical standards behind the use of mobile phone technology to make sure that we can increasingly offer

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tickets through that medium. The change is already happening, and that one of the things we are increasingly trying to do through RDG is to see if we can broaden the options but also to speed it up. Our ambition is to make the best use of digital technology in all its forms so much more of this stuff becomes easier for people to use."

Technology has also transformed the way passengers get information about train services – what Roberts calls "clearer information when they are planning their journey and when they are in the course of their journey so that they feel empowered to make choices about when they travel, what type of service they go on".

"The industry has plenty to be proud of over what it has achieved in recent years. We have increased capacity not so much by laying hundreds of miles of new track, but by using the network much more intensively through a modest increase in the size of a modernised fleet.

"We have seen reliability of the network improved very significantly following the challenges posed to us after the Hatfield incident back in the early 90s, but as the network gets increasingly intensively used, sustaining that level of reliability is a daily challenge. So we've got to get better at that."

For the next government, rail could well be a good news story. 🏰