

## Appendix 1

### Further Information

***The document is split in to 8 chapters. Further key details which have emerged from study of these chapters are covered here as supporting information:***

#### **Chapter 1: The Railways since Privatisation**

Although praising the increase in services, higher passenger numbers, improved rolling stock and eventual improvement in safety during the privatised era, the report admits that the fragmentation of the industry has led to inefficiency in many areas (e.g. through duplication). Collaboration between organisations is poor, fares have increased 48% in real terms since 1997, performance has been erratic, and the privatisation has not been accepted by the public. In particular, poor cost control from Network Rail has prevented improvements. Simplification of the industry and better alignment of the incentives of the bodies involved is seen as the key to ending an adversarial blame culture. Great British Railways will therefore “be made up of regional railways that are locally rooted and accountable, with new culture and incentives focused on serving customers”.

#### **Chapter 2: Our Commitment to Rail**

It is noted that the government is still committed to HS2, direct London to Middlesbrough services, the Northumberland Line, and that in “northern England, Manchester’s railways are being unblocked . . .” It is promised that the Integrated Rail Plan will be published soon, and that the “government’s priority for the future is to level up rail services and other public transport services in rest of the country to the high standards already set in the capital”. Helping rail to recover from the pandemic will include the flexible season tickets but also a “major effort to develop rail’s leisure market further and help to attract new passengers to the railways”.

#### **Chapter 3: Integrating the Railways**

The McNulty report from a decade ago identified “the lack of whole-system thinking and adversarial relationships as key reasons for high costs, poor value and inefficiency”, but this has not been rectified. The key goal is that “Great British Railways will bring together the whole system and perform a role for rail services similar to the one Transport for London has in the capital. It will own the railways across Great Britain and run them as an integrated system to common goals, set out in this white paper and in the future by Ministers.”

GBR will be required to develop a 30-year plan, in addition to the current 5-year plans, and will incorporate functions from DfT and Rail Delivery Group as well as Network Rail. GBR will be accountable for punctuality, efficiency and safety, and

also take the revenue risk. In order to improve passenger focus, GBR “will need to include meaningful numbers of people in middle and senior management roles with substantial experience outside Network Rail, including in some cases from outside the rail and transport industry altogether; and more people with retail and customer relationship experience”. Expect cost savings from integration and deduplication are £1.5 billion per year.

GBR will be accountable to the Secretary of State for Transport in a manner similar to TfL’s accountability to the Mayor of London. However, in order to boost local accountability, “Great British Railways will be made up of powerful regional divisions, with budgets and delivery held at the local level, not just nationally”. Passenger Service Contracts and other procurement will be managed locally. There will be five regional divisions, initially matching Network Rail’s current structures, so the North of England would still be split between Eastern and North West & Central regions.

#### **Chapter 4: Replacing Franchising**

The government has a legal responsibility to keep franchised services in operation, and introduced emergency measures that kept the trains running for key workers, assuming full responsibility for cost and revenue across all 14 national franchises. A new role for operators is now needed to restore a focus on providing high-quality services for passengers, encouraging people to travel by train and running services more efficiently. Franchising will therefore be replaced by new Passenger Service Contracts. Use of a concession model to contract with private partners to operate trains has been more successful than franchising in enabling operators to be held to account for running trains on time, delivering passenger satisfaction and controlling costs.

GBR will specify the timetables, branding, most fares and other aspects of the service and agree a fee with the competitively-procured passenger service operator to provide the service to this specification. Operators will take cost risk but will need to balance that with service quality, in order to be efficient while also meeting the needs of passengers. National Rail Contracts will succeed the emergency agreements and act as stepping stones towards the new Passenger Service Contracts. They will include incentives to drive revenue growth and the flexibility to ‘switch on’ further revenue growth measures when conditions allow.

Great British Railways’ regional divisions and their commercial partners will also push each other to help people back onto rail, working together on areas such as marketing. Revenue incentives will be built into contracts to grow passenger numbers, foster a culture of innovation and introduce efficiencies. In some areas, including city regions, local leaders will become directly involved in shaping and drawing up contracts, through partnerships with Great British Railways’ regional divisions. Each contract will require and incentivise operators to co-operate and work collaboratively with Great British Railways and its other partners, including other transport services, to enable more convenient connections between long-distance and local services and joint working during

disruption or emergencies. The length of contracts will also vary. On some parts of the network, longer contracts than those used under franchising may be adopted to support major investment programmes or the delivery of significant changes for passengers.

## **Chapter 5: A New Deal for Passengers**

The long-term vision is for 'turn up and go' railways, seamlessly connected with other transport services. Accessibility should be improved, and the compensation regime simplified. The nine key requirements of passengers are that the railways should be: Safe, Accessible, Seamless, Connected, Reliable, Comfortable, Informed, Affordable, Trusted.

GBR will be responsible for ticketing across the country, with digital tickets encouraged for regional, long-distance, and frequent journeys. The commercial freedom of some operators will most likely be limited to advance purchase tickets. The role of stations in the community will be modernised, to cater for on-demand shopping collection, small-scale freight, and public services such as education, training and health and wellbeing services.

## **Chapter 6: Unleashing the Private Sector's Potential**

The government wants to ensure the new model takes the very best of the private sector – innovation, an unrelenting focus on quality, outstanding customer service – and harness it under the single guiding mind of the public sector. It is anticipated that GBR will support a more open, innovative system with shared data, new forms of competition and opportunities for new ideas to flourish and scale-up to benefit passengers, freight customers, the economy and taxpayer. It is argued that the railways will not become more efficient, modern, and innovative without the involvement of the private sector, including the extensive supply chain, freight market, funders and passenger operators and rolling stock companies.

Critical safeguards will be introduced to ensure freight operators receive fair access to the network. ORR will act as an appeals body for operators or applicants to ensure that Great British Railways applies policies, including track access and charging, fairly. GBR will have statutory duty to promote rail freight, and government will work with the market to consider vital network enhancements that increase capacity for freight or help to grow the rail freight market; this could be helpful for our freight aspirations in the North.

Reforms are envisaged to create a culture in the sector where every organisation, public or private, is aligned and incentivised to achieve high levels of performance, from train build and maintenance to service dispatch, that will get trains running on time across the network. Teams will be empowered locally to work collaboratively with private partners to do the right thing for passengers and freight customers. They will also improve engagement with local businesses and communities, including through creating new opportunities for local partners

and businesses to play a greater role in shaping investments in their area. Integrated local teams within Great British Railways' regional divisions will push forward design and delivery with their partners, supported by new incentives that encourage innovation, partnership, and collaboration.

## **Chapter 7: Accelerating Innovation and Modernisation**

It is argued that real opportunities to improve services for passengers and freight customers through new technology have been consistently missed so rail needs to innovate and accelerate change if it is to remain relevant. A modern rail network requires an ambitious approach to decarbonisation, climate change adaptation and data driven transformation, by becoming more outcome focused and forward thinking and by balancing competing priorities carefully. The railways need to better understand their customers and speed up delivery of projects.

Electrification of the network will be expanded, and alternative technologies such as hydrogen and battery power will help to achieve zero emissions from trains and reduce air pollution. Rail is the only form of transport currently capable of moving both people and heavy goods in a zero-carbon way. Electrification is likely to be the main way of decarbonising the majority of the network, and the electrification of Leeds to Manchester is a key part of that, whilst battery and hydrogen-powered trains will be trialled for passenger routes where conventional electrification is an uneconomic solution. Railways need to encourage a shift away from planes, cars and lorries; become the best option for long-distance travel; and improve the whole journey experience. This includes making it easier to get to and from stations by walking, cycling or other public transport, charging points at rural stations, modernising fares to compete with air travel and improving freight connectivity through interchanges and links with freeports. This will require close working with local and devolved administrations.

Open data compiled by GBR and partners will improve transparency, trust, and innovation. An 'open by default' approach to data will be introduced, with common frameworks and standards across the sector created. Open data will make it easier for partners to provide new services such as: end-to-end journey planning; 'find my seat' features; and personalised travel offers, like free coffee when delayed. Great British Railways will become the primary public funder of RD&I initiatives across the sector, delivering priorities set by Ministers. Stronger links with centres of industry and private sector innovators will be a core part of the new RD&I system. Great British Railways' regional divisions, working more closely with local partners, will lead delivery of RD&I projects to focus them on the needs of passengers and freight customers.

Lessons learnt from the government's Project SPEED (Swift, Pragmatic, Efficient Enhancement Delivery) will be rolled out across the industry, in order to streamline the decision-making process, and strip out unnecessary complexity from planning processes through system-wide reform in conjunction with other government departments. These benefits will be realised by changing ways of

working across the whole rail sector. There are 11 cross-cutting themes that have been identified from a set of pilot projects. These focus on identifying opportunities for simplification and efficiency.

### **Chapter 8: Empowering Rail's People**

A new joined-up, cross-sector training and skills offer will support people at every career stage to develop skills and bring in experience from outside the rail sector. The fragmented structure of the railways impedes effective leadership at both organisational and individual levels and limits the opportunity for whole-system, efficient solutions. To tackle this, a sustained programme to invest in skills, training and leadership across the rail sector will foster greater collaboration and openness to innovation and new technology and so support vital long-term productivity improvements. A virtual leadership academy will be established; the academy will professionalise and standardise the skills offer across the entire sector, bringing together commercial, technology and passenger service experience.

Great British Railways will work with the sector to develop a system-wide workforce plan, and support industry-wide co-ordination of driver training and take steps to ensure that operators can recruit and retain talent in a way that is sustainable for the whole sector. Diversity across the sector will be improved through the inclusion of stretching measures in contracts to actively promote and increase recruitment and retention of a diverse workforce. Comprehensive data on productivity and pay will be collected and published by ORR, which will report on the data and compare it with that of other sectors and labour markets.

**ENDS**