

GHD: rail sector felt most supported by government during pandemic

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Sixty-eight percent of Rail business leaders felt that their sector was well supported by the government during the Covid-19 pandemic, according to a recent business leader survey by professional services company **GHD**. This, the business said, was a much higher proportion than the other 10 key UK industries surveyed.

The survey forms part of the extensive research carried out by GHD to create its inaugural **UK Disruption Index**, launched today, which evaluates which UK industries have established resilience, and which are most at risk of being disrupted, in today's uncertain and unpredictable climate.

To build the index, GHD has analysed the risk of disruption to 11 key sectors – Rail, Highways, Water, Energy, Chemical & Pharmaceuticals, Construction, Real Estate, Retail, Manufacturing, Financial Services, and Information & Communication – through a combination of independent research, internal GHD expert consultation data, and a survey of 2002 UK consumers and hundreds of business decision makers.

This research was carried out through the below four lenses, all of which are key to enabling a business or industry to be truly resilient in the long term:

Customers: Understanding and planning for changing behaviours and expectations.

Business: Ensuring business models are robust, investable and sustainable.

Assets: Using fully optimised assets that minimise waste.

Innovation: Investing in technology and piloting new solutions; testing how to meet changing consumer demands.

Rail sector key findings from GHD's UK Disruption Index include:

- Rail ranked number **six** out of 11 (#1 being the most resilient to future disruption)
- Ageing infrastructure is the biggest threat to industry
- Along with Retail, it is the sector most at risk from new consumer demand patterns
- Highest ranking in terms of mean percentage of budget dedicated to digital transformation

Further highlights from GHD's business leaders survey (Rail respondents only) include:

- **57%** believe the Rail sector has proven more resilient over the past two years than might have been expected
- Covid-19, changing consumer demands and economic uncertainty expected to cause the greatest disruption in the next 10 years
- Rail is one of the industries most likely to have committed to net zero targets
- Rail respondents expect their organisation to commit around **27%** of annual revenue to achieve their net zero target (higher than **22%** average)

Jonathan Edwards, Transport Market Leader for EMEA at GHD, said: "2020 was the year that turned the UK Rail industry on its head. Season ticket demand had already stagnated pre-Covid, and unsurprisingly passenger numbers were down almost 80% following the pandemic. With a business model that relies on farebox revenue and consumer behaviour changed forever, the sector needs to realign its entire proposition to start to recover, build resilience, and reconnect with customers.

"A key challenge is that the sector simply doesn't know who its consumers are anymore, and so extensive research is needed to understand who is using the network – and how to encourage others back. An immediate need is to focus on how people are using public transport now and better understanding consumer travel habits and demands. This could mean things like the rail industry working more closely with bus operators to improve connectivity for passengers, particularly in suburban or rural areas, or rolling out 5G to allow commuters to continue to work through their journey.

"As well as the need to rebuild a new business model in line with the transition to Great British Rail, there's also the ongoing need to fund the transition to a carbon neutral network. With sustainability a pressing need for today's consumers, as well as government pressures to reach net zero as soon as 2030, the industry simply can't push the problem down the track any longer. However, what's clear is that to raise funds, the industry needs to diversify. Replicating global models to derive increased revenue from advertising, property development and telecoms operators might seem idealistic, but it's certainly food for

thought and a model that should be considered by operators in UK cities.

“At GHD, we have called for carbon labelling on tickets and a three-year freeze on fares to be introduced in order to get people back on the network. Clearly communicating the environmental benefits of rail could be a key way of encouraging people back, while freezing prices could help the public to see trains as a viable attractive form of travel again, while also supporting them through the ongoing cost-of living crisis.”

HD's full Disruption Index and its accompanying whitepaper, 'Recovery, Resilience and Reconnection: Designing business for an ever-present state of disruption', can be found [here](#)