

Transport Secretary: “We will establish Great British Railways”

February 7, 2023



The Transport Secretary has committed to transformational change to the UK's railways saying moving the Plan for Rail from words to action is his priority.

Mark Harper was setting out his long-term vision at the annual George Bradshaw Address.

“There’s clearly a lot of frustration in the industry and a widespread desire to end the sense of drift by moving on from re-diagnosing the industry’s ills to getting on with fixing them,” he said.

“The railways, quite frankly aren’t fit for purpose and are currently mired in industrial action, routinely letting passengers and freight customers down, and historically unable to deliver major improvements at good value for the taxpayer.”

Speaking in London, he accepts fundamental reform is needed, setting out how the government plans to re-energise the process. Before explaining the journey forward, he outlined the issues describing operating the industry as now “financially unsustainable”, saying season tickets are at just 28 per cent of pre-COVID levels, and revenue around £125-175 million lower each month as costs are rising.

“We have a broken model unable to adapt to customer needs and financially unsustainable,” added Mark. “Left untreated, we will drive passengers away with poor performance, which leads to fewer services, which will drive more passengers away and so on and so on.

“Only major reform can break that cycle of decline and Keith’s blueprint (Keith Williams Plan for Rail) is the right place to start. So yes, we will create a more customer focussed and joined up railway, but I will go further and actually enhance the role of the private sector.

“Not just in running services, but in maximising competition, innovation, and revenue growth right across the industry, benefits the private sector has delivered time and again.”

Pay-As-You-Go ticketing

During the speech the Transport Secretary confirmed an extension of Pay-As-You-Go ticketing saying 52 stations across the South East would be completed this year, including on Chiltern, London Northwestern, and c2c services.

“Ticket prices should also be fairer, but often there is little difference between the cost of a single or a return, with operators unable to significantly reduce prices on quieter services,” he said.

“So first of all, after LNER’s successful single leg pricing trial, we’ll extend it to other parts of the LNER network from the Spring and then carefully consider before extending more widely.

“It means a flexible single fare will always be half the cost of the equivalent return, giving passengers more flexibility and better value. This is not about increasing fares, I just want passengers to benefit from simpler ticketing that meets their needs.”

“We will establish Great British Railways”

The Transport Secretary has confirmed that Great British Railways (GBR) will be established with the winner of the HQ competition to be revealed before Easter and a response to the consultation on GBR’s legislative powers by the summer.

He said: “The industry has long called for a guiding mind to co-ordinate the network, so GBR will be responsible for track and train, as well as revenue and cost. It means finally treating the railway as the whole system it should be, rather than a web of disparate interests that it’s become.

“Passengers will no longer face the excuse-making and blame shifting of years past. Instead, GBR will be wholeheartedly customer focussed, serving as the single point of accountability for the performance of the railway and crucially, following ministerial direction the GBR Transition Team, will develop the guiding long-term strategy for rail which will be published later this year.”

Mark said GBR will not be Network Rail 2.0, nor a return to British Rail and that “taking the politics out of the railways is the only way to build a truly commercially led industry”.

"I also want to make absolutely clear that these pragmatic reforms stand in stark contrast to Labour's ideological policy of nationalising the railways," he said. "Nationalisation was tried and ultimately thrown out – being largely responsible for the steady decline of passengers and services."

Private sector offer

Mark has said he wants the private sector to play "its most important role in our railways yet" calling on it to reinvigorate the sector, drive innovation and ultimately attract more customers to the railway. This will be done in partnership with GBR.

"This will help set the right commercial conditions across several key areas, he said. "First, new Passenger Service Contracts will balance the right performance incentives with simple, commercially driven targets. But these contracts won't be a one-size fits all approach. In the past, we know some operators took on more financial risk than they could handle, so now that risk will sit where it is best managed and that includes with operators, but only where it drives the best outcomes for passengers and taxpayers."

"We shouldn't be afraid to let managing directors of train operating companies actually manage and direct their operations."

"Secondly, we'll open up railway data and systems, whilst lowering barriers to entry for the industry. For ticketing, that means a more competitive retail market and I will welcome new players to spur more innovation and give passengers the services they need."

"Next, we'll expand commercial opportunities around land and property near stations. In Japan, rail companies take full advantage of these investments, generating even more income for the railways and we should do the same."

"And finally, we will support more open access services where it benefits passengers and taxpayers. We've seen this work well with Hull Trains and Grand Central, as well as with Lumo on the East Coast Mainline, all offering passengers greater choice and more direct links."

Open access operators will play an important role in the industry's future, especially as we grow new markets and make best use of spare capacity on the network."

Industry reaction

Andrew Haines, chief executive at Network Rail and Great British Railways Transition Team Lead, said: "It's really positive news for the users of the rail system that the Secretary of State for Transport has confirmed the Government's commitment to the next phase of rail reform and the establishment of Great British Railways."

"GBR will create a simpler and better railway for everyone in Britain by providing clear accountable leadership and bringing track and train together, with a strong commercial mindset and working in partnership with the best that the private sector has to offer."

Railway Industry Association (RIA) chief executive Darren Caplan said: “The Railway Industry Association and our members will welcome the clarity on rail reform provided by transport secretary Mark Harper. The clarity around GBR, which the secretary of state was clear will be a strategic guiding mind rather than a controlling mind, is essential to ensuring that rail projects are delivered cost-effectively and efficiently by the rail supply chain, providing value for money to both the fare payer and the tax payer.

“Last year RIA published ‘Five Tests for Great British Railways’, highlighting the key areas the railway supply sector wants the new organisation to focus on, to ensure rail reform is a success: preventing a hiatus in rail work, transparency, partnership with rail businesses, productivity, and ambition for a restructure which leaves a positive legacy in terms of safety, decarbonisation, exports and the economy.

“The clarity provided in the transport secretary’s speech goes some way to providing reassurance on the issues of preventing a hiatus in work, more transparency and partnership with the private sector. The commitment to publish a long-term strategy for rail later this year is also very welcome. However, more still needs to be done to ensure there is a smooth and visible pipeline of work, and that rail suppliers are represented in plans to develop the pipeline, during what will be a period of significant change for the industry going forward. It is also important for industry to hear more about the positive legacy of GBR, in addition to the transport secretary’s welcome comments about better connecting people and resources.

“It is now essential the government sticks to its plans and prioritises swift delivery, as certainty not just helps the supply chain deliver transformational rail projects in an effective and efficient way, but also enables the sector to make an even greater contribution when it comes to the UK’s economic growth, job creation, decarbonisation and the levelling-up agenda.”

Norman Baker from Campaign for Better Transport said: “This was a very encouraging speech from the transport secretary. It’s particularly encouraging to see a way forward for growing passenger and freight business, as opposed to making cuts to save money.

“The challenge now is for the transport secretary and rail minister to make this happen.”

Photo credit: Government