

Building a better railway

Good morning everyone and welcome to the Siemens maintenance plant here in Hornsey, north London.

The train you see behind me is a Desiro Class 700, one of the most advanced, digitally-enabled trains in the world. The passenger benefits, including live travel information, intelligent air conditioning and as much capacity as 21 double-decker buses, have already transformed journeys on the Thameslink line.

But the cleverest technology is invisible to passengers. Because this is the first mainline train that can drive itself across central London, under the watchful eye of the driver and detect faults before they need fixing by constantly sending live data to the Siemens control centre.

Armed with this knowledge about how each train performs, the ultimate aim is to make a fault-free fleet, completely reliable, easy to maintain and with unprecedented control for the operator to meet the needs of passengers.

So it's a fitting backdrop for our discussion today about how this industry needs to move with the times.

Background to reforms

In a speech to launch our overhaul of the railways 12 months ago, which followed the publication of the [Williams-Shapps plan](#), I reflected on historic events that have shaped our railway.

How, under state control, the railway shrunk by half. How after privatisation in the 1990s, despite passenger miles doubling, the industry had become more fragmented, complex and unaccountable. And how these problems culminated in the disastrous timetable introduction of May 2018. The signs were there for all to see. Spiralling costs and delays to upgrades, collapsing franchises, poor customer service and late, overcrowded trains.

Despite the clear need for new solutions to take the railway forward, it was obvious to me when I became Transport Secretary the following year that much of the debate about the industry's future was rooted in tired and outdated notions of ownership. Not only was the railway stuck in the past, the conversation about how to fix it was too.

That's why, after the exhaustive and meticulous review led by Keith Williams, during which he closely engaged with rail unions, our reform plans presented a fresh vision.

Creating a new body, [Great British Railways](#), to put passengers and punctuality first, by bringing disparate parts of the industry together, using common-sense reforms to untangle the complexities and build a modern, resilient railway in tune with a changing market.

Rail strike

Above all, the plans demonstrated our profound belief in the railway's future, as the backbone of Britain's transport system. They were a vote of confidence in the industry and its workforce.

Yet, here we are today, the railway just beginning to recover from the pandemic and we're on the verge of a national strike.

These strikes are not only a bid to derail reforms that are critical to the network's future and designed to inflict damage at the worst possible time, they are also an incredible act of self-harm by the union leadership.

Make no mistake, unlike the past 25 years, when rising passenger demand, year after year, was taken for granted by the industry, today the railway is in a fight.

It's not only competing against other forms of public and private transport, it's in a battle with Zoom, Teams and remote working. In case the unions haven't noticed, the world has changed.

Many commuters, who 3 years ago had no alternative to taking the train, today have the option of not travelling at all. Wave them goodbye and it will endanger the jobs of thousands of rail workers.

The last thing the railway should be doing right now is alienating passengers and freight customers with a long and damaging strike.

Unions claim these strikes are about a pay freeze. This is wrong, we are not imposing a pay freeze now COVID is in the past.

So, I say to the workforce, your union bosses have driven you to the verge of a national strike under false pretences. And rather than protect your jobs, they are actually threatening your jobs.

Financial situation

COVID has left the railway in a critical financial situation. Rail has lost a fifth of its passengers, lost a fifth of its income. Often the highest-paying passengers, at that.

The RMT leader, Mick Lynch, said recently on Sky News that "the railways made £500 million profit last year". That's a denial of reality.

In fact, the railways cost over £20 billion a year to run and, in the year to April 2021, they raised just £4 billion from fares and other revenue.

Since the start of the pandemic, the government has committed £16 billion of emergency taxpayer support for rail, £16 billion to keep trains running and ensure that no one at Network Rail or DfT-contracted Train Operating Companies (TOCs) was furloughed.

To be clear, £16 billion is almost as much as our annual police budget for England and Wales, just to support the railway through COVID. No rail worker lost their job. Not a single person. In fact, the taxpayer could not have done more to support rail workers.

Now, as we recover and people start travelling again, the industry needs to grow revenues, attract passengers back and make the reforms necessary to compete.

Inefficiencies

For example, leisure travel at weekends is a huge growth area right now. But on most of the railway, under an agreement dating back to 1919, Sunday working is voluntary.

In 2018, England played a World Cup match on a Sunday. That day, because we couldn't get enough people to work, there were 170 cancellations on one operator alone.

And here's another example. Nowadays, just 1 in 8 tickets is sold over the counter, yet we still have roughly the same number of ticket offices as in the days when we all queued up at stations to buy our tickets. The quietest office sold just 17 tickets in 3 months. That's one ticket every 5 and a half days.

Any sensible plan would move staff away from where they are not needed, like ticket offices, and increase shifts where they are needed, like weekends.

But then, any sensible plan wouldn't involve striking at the specific moment when your customers are returning after a national crisis. Other industries move with the times. So why can't rail?

Pay

I want put on record that we want a fair deal that includes increasing pay for rail staff. The whole point of these reforms is to build a sustainable, growing railway where every rail worker receives a decent annual pay rise. But right now, pay needs to be in step with the wider public sector.

Let me put it another way. The median wage for rail workers is £44,000 and the median salary for train drivers is £59,000, with a fifth of drivers earning more than £70,000. But the average nurse earns around £31,000.

So rail pay rises can only be afforded in the long term alongside reform. That's only fair as we navigate our way out of the pandemic. Fair for taxpayers and fair for other public servants.

We're not asking railway workers to shoulder all the responsibility. We're reducing the number of senior managers, and their pay.

In fact, I've constantly challenged high senior salaries across the rail network and they have fallen by 10% in absolute terms over the past 10 years.

The chief executive of Network Rail is paid more than a quarter less than his predecessor.

Government's commitment

I cannot stress enough, we passionately believe a reformed railway has a bright future. We want rail to remain the natural choice for people who want fast, reliable journeys between our main towns and cities. To do that, however, we need to reduce costs.

We are working with the industry, for example, with rolling stock companies, to make efficiencies. This includes maintenance practices that need modernising, and to make better use of technology.

But the whole railway must play its part. Even before the pandemic, everyone could see the railway's finances were untenable. COVID has only made the case for reform more urgent. A matter of survival. But I don't just want the railway to survive, we want it to thrive.

That's why over the next 3 years, we want to spend £35 billion maintaining and growing the network. We want to expand the rail map, with trains returning to places axed from the timetable after the Beeching cuts, with new stations from Northumberland to Devon, with electrification to get rid of slow and dirty diesels.

And we're making good progress, with more than 1200 miles electrified so far under this government, compared with just 63 miles electrified under 13 years of the Blair/Brown government. And with HS2, Europe's largest construction project, Northern Powerhouse Rail and the wonderful new Elizabeth Line.

In fact, we're spending a total of £96 billion overhauling the railway across the North and Midlands.

Great British Railways will provide strong, unified leadership for the industry, bringing ownership of infrastructure, fares, timetables and network together under one roof. The broken franchising system is being replaced with new [Passenger Service Contracts](#) to reinvigorate the competitive market and boost services.

And we're continuing to modernise fares and ticketing, introducing flexible tickets for hybrid working and rolling out contactless, pay-as-you-go nationwide to around 900 more stations.

New technology is replacing old, in some cases, centuries old. For example, we're replacing Victorian signalling with digital systems which means we can fit more trains on the line. As tracks get used more intensively, maintenance becomes even more critical.

And new technology is helping here, too. The best way of checking track for defects is to fit sensors on trains. Each takes 70,000 pictures a minute, finding tiny flaws in the track that no human eye can see.

But the unions still want this job to be done today as it was done in the steam age, by sending people out to walk along the track, looking at the rails. That is not only less likely to pick up faults before they become dangerous, but it's also more dangerous for staff. And sadly there have been a number of fatalities on the line in recent years. We must modernise.

Future response to strikes

Without reform, all this investment and more is at risk. Many rail staff did a magnificent job during COVID. Now they are being used by the unions for political ends.

That is why, if this dispute cannot be resolved, the government will look at a full range of options to stop the unions hurting the general public, including repealing the ban on transferable staff filling in for striking workers.

And passengers will be compensated for the disruption. In addition to existing refund agreements, we will ensure season ticket holders will be able to claim full compensation for strike days.

Conclusion

So let me close by assuring the unions, we will not be diverted from rail reform, from building a more agile and flexible workforce and from putting rail passengers first.

Just as we cannot modernise the railway with obsolete technology, we cannot do it by clinging on to obsolete working practices from the past either. We have a rare opportunity here, to fix the issues that have long plagued the railway.

But with strikes, all we're going to do is lose even more passengers, lose even more revenue, make further investment in the railway uneconomical and potentially lose thousands of railway jobs.

Not only is there no justification for this action, it's going to cause misery. Misery to people looking forward to their first Glastonbury for three years. Misery to workers who can't get to their jobs. Misery to students, who can't take their GCSEs and A-levels. And misery to people waiting for hospital treatment, who may now miss their operation.

And there's another group of people I'm worried about. Rail workers themselves and their families. They will be damaged by this strike. It's not like the old days, when the RMT could shut down the nation's economy.

Now, many rail users can work from home. For millions of passengers, rail is now a choice, not a necessity. Anything that stops people choosing rail, anything that drives away even more passengers than we've already lost has to be bad news for jobs and services.

So today, I appeal directly to rail workers, who I think are less militant

than their union leaders. Don't risk striking your industry out of a future. Don't risk striking yourselves out of a job. Don't pitch yourselves against the public.

Let's fix this situation and get back to building a better railway.