

Rail update: Emergency Recovery Measures Agreements

When the pandemic hit, we stepped in to keep train services running for key workers and essential supplies. Today we are [renewing that support with new agreements](#), called Emergency Recovery Measures Agreements (ERMAs), to support the UK recovery and continue the fight against the pandemic.

These agreements, which run for up to 18 months, are designed to bring the rail franchising system to an end. Coming into force yesterday, they contain provisions to bring current franchises to an end when these agreements expire.

They are the first step in creating a new kind of railway. One which is customer-focused, easy to use, good value and where the trains run on time. A structure will take shape over the coming months.

These new contracts continue to respond to the impact of COVID-19 and ensure the railways continue to support the country's recovery from the pandemic, delivering for passengers, freight and taxpayers. They keep the best elements of the private sector, including competition and innovation, that drive growth but go further by delivering greater leadership, direction and accountability.

Operators have now been placed on far more demanding management agreements, with tougher performance targets, and lower management fees. Management fees will now be a maximum of 1.5% of the cost base of the franchise before the pandemic began.

Complying with current public health guidance, I have also asked operators to run almost a full capacity service, to ensure there is space to help passengers travel safely while we continue to combat the threat of Coronavirus.

The new contracts allow us to make an early start on key reforms, including requiring operators to co-ordinate better with each other and driving down the railways' excessive capital costs.

The railway will have a renewed and much sharper focus on delivering a reliable service which passengers and freight users can trust. This links to Keith Williams' root-and-branch review of the railway. These measures have his full support, and will pave the way for a White Paper on the wider future of the railway during the ERMA period.

Until passenger numbers return, significant taxpayer support will still be needed, including under the ERMAs announced today. But these arrangements pave the way for wider rail industry reform that put passenger priorities at the forefront and will enable substantial medium and longer-term savings for the tax payer. The railway will have a new and greater focus on delivering a

reliable service which passengers can trust.