

# Speech: Rail renaissance: dealing with the consequences of success

Good morning everyone.

It's always a pleasure to be part of a Transport Times conference.

And today (13 September 2017) is no exception.

An expert audience.

Distinguished rail industry speakers.

And an agenda that tackles some of the big challenges facing the railway today.

Mind you – there are always big challenges facing the railway.

This is an industry that's been in almost constant flux since the Second World War.

From nationalisation in 1948.

And Beeching in the 1960s.

To the reorganisations under British Rail in the '70s and '80s.

And privatisation in the 1990s.

What's striking about these landmarks in rail history is that they were all attempts by government to reverse the fortunes of a declining industry.

Nationalisation under Clement Attlee's Labour government was an attempt to stabilise the 'big four' rail operators, each of which was effectively bankrupt.

The Beeching cuts were a radical response to a decade of falling passenger numbers and rising losses.

And privatisation was intended to halt the further slide of the railway – which had seen usage fall by almost a third between 1960 and 1995.

Of all these different reforms, it's that last one – privatisation – that stands out.

Because it's the only one that worked.

It didn't just stabilise passenger numbers.

It transformed them.

And laid a path for future success.

For a growing, competitive, profitable railway that delivered for the passenger and the taxpayer.

And that success is something to bear in mind today.

Because the issues you're discussing at this conference.

Like franchising, rail investment, and Network Rail's future direction.

Are all consequences of industry success.

Of a rail renaissance that not even the most enthusiastic supporters of privatisation could have predicted 20 years ago.

The statistic that's normally used to illustrate the impact of privatisation is that twice as many journeys are made on the railway today as in the mid-1990s.

And that's certainly true.

But there are other achievements that are no less impressive.

Rail's share of the overall transport market has also doubled.

More trains are running than ever before.

We've now got one of the safest railways in Europe.

And franchises are delivering.

Not just for passengers.

But for taxpayers too.

As Rail Magazine noted earlier this year, from requiring £1.5 billion of state subsidy in 1998 to 1999, train operators made a net contribution of more than £1 billion to the public purse in 2014 to 2015.

And they will continue to deliver more for the taxpayer in years to come.

Now of course not everything's gone to plan.

The standard of services on some routes has fallen well below the level expected by passengers.

But most franchises are working well.

And they show that we have now have a robust and sustainable foundation for running and financing the rail network.

So it's no surprise that other European countries are also ending state rail monopolies and opening up their networks to private operators.

Big challenges remain.

But they must be seen within the context of the huge progress we've made.

The question now is, how do we build on this success?

As with any competitive business, the first by-product of success is growth.

But to stay successful, you need to keep growing.

And that means you have to invest.

Today the rail network is operating on the edge of what it can cope with.

Many routes are under considerable pressure.

And yet demand continues to rise.

You can see that either as a problem, or an opportunity.

I see it as a massive opportunity.

The industry is in a unique position.

Knowing that there's a growing market out there for its services.

Few other businesses have that privilege.

Our job now is not to chase growth.

It's to make a growing railway viable.

We have not been in this position before.

Frankly, no post war government has.

So to support continued growth, we're delivering the biggest modernisation programme for more than a century.

And right around the country.

Take the Great North Rail Project.

Just part of a £13 billion northern transport programme this Parliament.

Already, links between Manchester and Liverpool are much improved.

New services to Glasgow have been launched.

But there's a lot more to come.

A comprehensive upgrade that from 2020, will deliver faster and more comfortable journeys for millions of passengers – from Bradford to Blackburn and Stockport to Sheffield.

Franchises are investing to transform services.

For example, [Northern and TransPennine Express](#) will bring more than 500 new carriages into operation, with room for 40,000 extra passengers and more than 2,000 extra services a week.

Within 3 years, all trains on these routes will be brand new or completely refurbished.

And finally, those wretched Pacers will be gone.

Something only the most hardened trainspotter could regret.

We are also investing in the biggest upgrade of the Midland Main Line since it was completed in 1870.

That will mean more seats and faster journeys during the peak.

The next operator will deliver modern, fast and efficient intercity and commuter trains, including a brand new set of [bi-mode intercity trains from 2022](#).

This will improve journeys sooner, without the need for wires and masts on the whole route, with further investment to ensure Sheffield is ready for HS2.

On the Great Western Line, new Intercity Express trains will provide 40% more seats in the morning peak once the full fleet is in service.

The first will enter service from this autumn.

And when electrification to Cardiff is complete, journey times between Swansea and London will be about 15 minutes shorter.

Next year, Crossrail opens.

Thameslink will be complete.

HS2 construction gets going in earnest.

We'll carry on improving services all around the country, from the Lake District to East Anglia.

And because we can never return to the 'stop-start-and-stop-again' planning of the past, it's vital we carry forward the next generation of rail projects.

So work will continue on developing Northern Powerhouse Rail and Crossrail 2.

Over the next few years, we'll see the benefits of a more mature franchising model.

And record investment in the infrastructure.

Really making a difference to passengers' daily journeys.

But I also want to see radical improvements to the way the railway is run.

I've been clear that there was a flaw in the privatisation process.

The separation of track and train into different businesses was a mistake.

It pushed up the cost of running the railway.

Both for taxpayers and passengers.

And it slowed down decision making about how to tackle the looming capacity crisis.

Greater fragmentation meant the industry lacked clarity and accountability.

And projects were continually hampered by complex contractual disagreements.

Yes, we've seen some improvements recently.

Closer, joined-up working on the Southern network.

The alliance structures built in to franchises like South Western and Great Western.

Better performance on the West Coast Main Line, partly because of greater co-operation.

And the launch of East West Rail to restart services between Oxford and Cambridge.

But this is only the start.

We need a lot more integration throughout the industry.

Network Rail, rolling stock companies, and train operators – working as one team.

Making infrastructure and performance improvements as part of a relentless drive to boost customer service.

So I will continue incentivising the industry to form joint track and train teams as new franchises are appointed.

Not as isolated examples.

But across the railway.

I expect the South Eastern and East Midlands franchises to have aligned management, and integrated operational teams between train and infrastructure.

This is a strategy that will not only underpin franchising.

But also Network Rail's devolution plan.

Putting more power and accountability into its route businesses.

Allowing them to form more effective partnerships with local train operators.

A joint board now supervises performance on the western route, and a new one for east coast was announced recently.

Supervisory boards for all routes should follow by next spring.

This will mean services are run predominantly by local teams of people whose whole focus is the smooth running of the timetable.

Whether it's planning essential repairs.

Responding to problems on the line.

Or communicating with passengers.

They don't have to work for the same company or organisation.

But they do have to work as one team, jointly responsible for achieving shared objectives.

For me, this goes to the heart of the debate on the structure of the industry.

It's not about ideology.

It's about common sense.

If the success of the railway since privatisation can be measured in the number of people using the network, increased investment, greater efficiency and improved safety.

Then success in the future will come from reorganising the way services are run.

Simpler, more accountable structures.

Joined up management.

Using all the skills and experience we have in spades across this great industry – to do one thing.

Focus on the passenger – and leave a true legacy of success for the next generation.

Thank you.