

Keith Williams

Rail Review

Department for Transport

Great Minster House

33 Horseferry Road

London

SW1P 4DR 1st April 2019

Sent via upload through Rail Review Website

Dear Sir,

**RE: RAIL REVIEW CALL FOR EVIDENCE Consultation**

Please find enclosed the response of the Transport Salaried Staffs’ Association (TSSA) to the above consultation.

TSSA welcomes the opportunity to contribute to the Rail Review’s Call for Evidence consultation. We are an independent trade union with approximately 20,000 members throughout the United Kingdom and Republic of Ireland. Most of our members work in the UK rail industry in management, technical, professional, supervisory, retail and administration functions.

TSSA policy is determined by our Annual Conference that comprises delegates from the Branches that represent our membership. Given the potential for this consultation to affect many of our members, we have also invited individual contributions through online submissions and at a face to face group meeting. Consequently, a number of detailed and expert contributions from professional railway employees have been included in this submission.

Yours sincerely

Frank Ward

Assistant General Secretary

**TSSA Response to the williams rail review call for evidence consultation**

**Introduction**

For many years TSSA has argued that the railway should be publicly owned and fully integrated as one organisation with each element ultimately responding to a national leadership that would also act as a guiding mind. Our view has been informed by the perspective that the railways should be operated for the benefit of rail users, whether passengers or freight, and not for private sector profit and shareholder dividends.

TSSA policy was set as far back as 1910 by our members at that year’s Annual Conference and has been maintained by the generations of railway staff who have joined the union ever since. In the hundred or so years since 1920, however, Britain’s railway has largely been privately owned, first by a number of smaller companies which then went through the Grouping into the Big Four in 1923 only for further change in 1948 that led to over forty five years of public ownership under British Railways. Privatisation in 1993 and the gradual break up of BR in the succeeding few years marked a return to private ownership.

Apart from the issue of ownership, the marked difference between the two periods of privatisation – and that of public ownership - has been the loss of integration in the period since 1993. Even before the advent of British Rail, each of the predecessor companies had controlled its own infrastructure and train operations – as well as rolling stock renewal and replacement. BR’s re-organisation in the period 1990-92 which Sectorised the railway under the Organising for Quality initiative recognised the need to retain integration, even if under a different structure to what had gone before.

Our response to the Rail Review centres around issues of ownership and the loss of integration. In the former case, it is to show up the deficiencies in the current system – especially in terms of passenger franchises - and the failure of successive governments to address the predatory profit priority that means the interests of passengers and tax payers are subordinated to the individual company’s financial interest. We believe that as long as the private sector retains a place in the railways, that will always be the case.

We will also highlight our call for integration because maintenance of the existing structure of the railway industry, with its numerous interfaces arising from fragmentation, is what causes many of the costs and failures, especially when combined with an absence of a ‘guiding mind’ and a long term railway strategy. In the background is that of the political dogma of recent governments which has placed the ethos of privatisation above efficient operation of the railway – or wider - public transport sector.

Integration for us is broader than just within the railways because it should also include how other forms of public transport – such as buses and trams – should complement each other as part of a national strategy, coordinated regionally and locally, including through devolved government. This idea of integrated public transport is not new but doesn’t exist in many parts of Britain. Instead, bus patronage is declining as the interests of the private sector have been put before the common good at a time when local authority funding has been halved.

It is also our view that rail safety is constantly under threat and should form a major part of the Rail Review’s considerations when considering its recommendations. Disasters at Hatfield and Potters Bar have been attributed to a lowering of standards by private company Railtrack prioritising profit whilst more recently a withdrawal from mandatory industry standards has begun to raise alarm bells. In addition, the use of inexperienced and poorly trained contract labour has led to a series of near misses that at some point may lead to rail workers being killed.

**Consultation document**

Our response has been constructed around each of the areas that the Rail Review is investigating as listed on the DfT’s Website.

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**Commercial models for the provision of rail services prioritising the interests of passengers and taxpayers**

We note that the term “commercial models” is used but presume that the Rail Review has not been restricted to maintain the railway in its largely privatised state which fails to prioritise the interests of passengers and tax payers?

In previous rail reviews (eg, McNulty’s “Realising the potential for GB Rail”, 2011) the issue of private ownership has always been held to be unchangeable because of the political dogma of the incumbent government.

Our contention is that Britain’s railways should be run in the public interest by the public sector and we would list the following reasons for this desired outcome:

**a). Public support for public ownership**

The privatised model introduced by the Railways Act 1993 has been fundamentally maintained despite on-going public support for public ownership. Countless polls[[1]](#endnote-2) and surveys have expressed this public desire, with, according to FullFact.org, the largest majority among rail users! Most recently, the petition signed by 120,000 people and handed in by We Own It to the Rail Review team demonstrated the huge levels of support for a change in ownership.

**b). Privatised rail has failed to live up to the claims**

Supporters of the privatised railways have pointed to the additional investment that has been attracted since the mid 1990s and claimed that their model of ownership is responsible for the huge increase in the number of people using the passenger railway.

Our argument is that on every metric, privatisation has failed. Privatisation was supposed to bring private sector investment and introduce competition that would cut rail fares but this hasn’t come to pass. Instead:

* The record investment has mostly come from the tax payer
* Competition has been virtually non existent;
* Passengers have had to pay rail fares that are amongst the highest in Europe whilst experiencing a real terms increase in cost;
* Dramatic increases in people using the railway are due to factors external to the industry.

**Has privatisation brought investment?**

As an example, in “Connecting people: a strategic vision for rail,”[[2]](#endnote-3) the Secretary of State for Transport, Chris Grayling, claimed “significant levels of private sector investment…with a record net total of £925m in 2016-17.”[[3]](#endnote-4)

Not only is this figure dwarfed by tax payer investment, the same ORR figures relied on to make this statement show that the ROSCOs (rolling stock leasing companies) were actually the ones that made £767m[[4]](#endnote-5) of this investment – in new or re-furbished trains.

In 2017-18, total private sector investment was £1.275 billion with ROSCO investment increasing to just over £1billion.[[5]](#endnote-6)

What this says to us is that outside the ROSCOs, TOC investment is largely down to the committed obligations that they enter into with the Government to secure their franchise contract,[[6]](#endnote-7) something that is far from the innovative funding that was expected.

**ROSCOs – train leasing companies**ROSCOs, of course, are guaranteed profits from the operators who lease their trains but the cost is passed on to both the passengers in the price of their tickets and the tax payer through direct and indirect subsidies (see later).

Ultimately, ROSCO income and profits are guaranteed:

* In the event of a franchise failure, the government acts as the “Operator of Last Resort” (eg, the East Coast in 2007, 2009 and 2018) and continues to pay the train leasing costs (eg, the failed Virgin East Coast Franchise, now run in the public sector by LNER which has not interrupted the roll out of the IEP trains on that route);
* The government also underwrites some of the ROSCO investment in what is known as “Section 54 Undertakings.”[[7]](#endnote-8)

Research commissioned by TSSA from Common Weal (and supplied to the Rail Review after our face to face meeting on Monday 7th January 2019) revealed that ROSCOs can make as much as 40% profit on the vehicles that they lease to TOCs.

**Network Rail’s Control Period 6 funding settlement**

Prior to April 2019, funding for Network Rail had no private sector involvement. Instead, the company either borrowed against its Regulatory Asset Base or was funded directly by the tax payer. Thus, for Control Period (CP) 5 (2014-2019) Network Rail received £38 billion in funding.

However, for CP6 (2019 to 2024) the government has decided to secure private funding for much of Network Rail’s Enhancements programme. The Statement of Funds Available (SoFA) and ORR’s Final Determination for CP6 show that the bulk, £35 billion, of Network Rail’s £48 billion funding over the five year period from 2019 will continue to come from the tax payer in respect of Operations, Maintenance and Renewals (ie, three of its four expenditure areas).[[8]](#endnote-9)

**The folly of Network Rail using private sector investment**
We believe, however, that the government is wrong to seek private sector investment for the Enhancements programme and would point to the example of the NHS and the extensive use of Private Finance Initiative (PFI) contracts which are also being considered for Network Rail enhancements. According to a report[[9]](#endnote-10) from the Centre for Health and the Public Interest, assets built by PFI companies for £12.4 billion will cost the NHS £80.8 billion in re-payments for their use. Network Rail’s enhancements programme is for approximately £13 billion of investment and so could mean a similar, six times, the level of additional cost for the use of the railway assets.

As we have seen with the ROSCOs and the PFI model being proposed for Network Rail enhancements, private sector investment comes at a very high price which will have future consequences for long term funding as repayment charges will have to be accounted for. Ultimately, these commercial models are not in the interests of either passengers or tax payers because they all add cost which will be passed on in fares.

In fact, the government has been increasing the proportion of fares used for funding the railway such that the “passenger share of total rail industry income has increased from 57% in 2010–11 to 71% in 2014–15.”[[10]](#endnote-11) More recent data does not appear to be available.

**Would privatisation continue without government support?**

Similarly, we believe that privatisation of the passenger train operating companies would not have survived without government support through direct and indirect subsidies. For instance, according to the latest ORR Rail Industry Financial Information (for 2017-18)[[11]](#endnote-12), of twenty TOCs:

* Eleven received a direct Government subsidy totalling £2.536 billion for socially necessary but unprofitable services;
* Fifteen made premium payments totalling £2.934 billion to Government (lower than the £3.2 billion in 2016-17[[12]](#endnote-13));
* All twenty received an indirect subsidy because none of them pay all of their track access charges to Network Rail.[[13]](#endnote-14) Instead, they pay a proportion - but the government pays the rest directly to Network Rail in the form of the Network Grant. In 2017-18, the TOCs paid £1.657billion in access charges but the Network Grant from the Government was £4.48 billion. It is also worth adding that according to an article in the Financial Times, the TOCs are actually paying half of what they were at privatisation in terms of track access charges.[[14]](#endnote-15)

Without these subsidy arrangements in place, TOC owning groups would not be able to make profits via their subsidiary, the priority for a private firm, and would thus not be incentivised to participate in expensive bidding processes.

**TOC Profits**
The Train Operating Companies, RDG and Government like to emphasise that TOC profits are modest. Compared to some companies – like high street banks and some of the bigger supermarkets - that may be the case. The difference, however, is that TOC profits are virtually guaranteed by the indirect subsidy that they received.

In addition, in the most recently available ORR Rail Industry Financial Information (that for 2017-18), there is a useful table that shows that over the five years from 2013-14 to 2017-18, TOCs across Britain paid dividends to shareholders worth £1.213 billion.[[15]](#endnote-16) That money was only payable because of tax payer support and the ever-increasing fare box revenue from passengers. Without privatisation, that money could have been used in other ways, including to cut fares.

We would also highlight that the dividend figures used by the ORR do not reflect the actual profit levels achieved. For example, whilst Virgin West Coast made a dividend payment of £51 million in 2017-18, in its filed accounts[[16]](#endnote-17) for the twelve months to 31st March 2018, the company (Company Name: West Coast Trains Limited; Company Number: 3007940) reported:

Pre-tax profit £63.95 million

After tax profit £55.57 million

Dividend payment £51 million

In the year to 31st March 2017, its post tax profit was £51 million and dividend payments were £47 million.

**TOCs gaming the system**

Evidence from TSSA members exposes ways that the TOCs “game the system” to build up their revenue and profits at the expense of Network Rail, passengers or other operators.

For instance:

* TOCs are incentivised under the Schedule 8 regime to take longer to resolve an incident that causes train delays and which is attributable to Network Rail because in this way they benefit financially from Delay Attribution costs. Members report that if the TOC is responsible for the delay, they are always able to respond much more quickly, thereby reducing what they have to pay to the infrastructure manager (eg, GWR and Network Rail issues over service recovery);
* To avoid paying a fine when a train is cancelled before it starts, the operator will allow it to run for a few stops and then terminate it. The effect of the termination is that whilst the company benefits, passengers are delayed in their travel plans when the train doesn’t turn up (eg, Wales and Borders Franchise)
* An alternative to the previous example is that the TOC may allow the train to skip certain stations meaning that passengers at some locations have to wait longer to travel. Again, this is for the benefit of the TOC and not the passenger (we note that in a number of more recent franchise consultations (eg, for the South Western Franchise), the DfT has asked respondents about whether this practice should be allowed, suggesting that they may be in favour of it!);
* ORCATS (Operational Research Computer Allocation of Tickets to Services) is the ticket revenue allocation system which distributes income between operators on a particular route according to the number of services which they provide rather than by the number of passengers carried. All revenue derived from inter-available tickets is allocated through this method. Some companies have, therefore, been incentivised to run trains on certain routes simply to qualify for a portion of this revenue, whether or not there was a need for an extra operator or additional services;
* The ORCATS system allows operators on a route to avoid revenue sharing because they can sell Advance, temporary or First Class Tickets outside the system. Members have pointed to the example of Cross Country and how it is able to use the APOD (Advanced Purchase on the Day) ticket to claim all of the revenue they take on a particular route.

The above represents examples of TOC’s gaming the system but one other that we would highlight are the Cap and Collar profit share arrangements that once existed in the South West Trains and Great Western Railway franchise contracts and which meant sharing profits with government when they have reached a certain level. In both of these companies, TSSA officers and staff reps were explicitly consulted under redundancy arrangements during which we were advised that to avoid making the payments to government, large numbers of Revenue Protection staff would be dismissed or re-deployed to other roles. In this way, profits were less likely to exceed the trigger when money would have to be shared with the Government.

**Our experience shows that the TOCs’ motivation – and that of the privatised railway – is not the passenger or tax payer but making a profit for shareholders.**

**How much have rail fares increased?**

According to the House of Commons’ Library Research Briefing Paper “Railways: Fares Statistics”[[17]](#endnote-18), rail fares in January 2018 across all operators were 20% higher in real terms than they were in January 1995.

What’s more, the research also shows that ;

In real terms unregulated standard class tickets have increased at a

faster rate than regulated standard class tickets. In January 2018 across

all operators unregulated standard class ticket fares were 28% higher than in January 1995; regulated standard class fares increased by 4.5%.

On the basis of the above, the promise of rail privatisation that fares would be cheaper has not been fulfilled and it is clear that where they are not regulated, TOCs are only too keen to exploit passengers.

The majority of passengers use the railway to get to work but in the period since the Financial Crisis of 2008 they have still had to contend with fares increases even though for many workers their salary has not kept up with inflation.

In the face of having to pay more to travel, why do people, in increasing numbers, decide to use the railways? We dispute the dishonest claims by rail privateers that privatisation is what has encouraged the large increase in rail usage because privatisation has largely been paid for by the passenger and the tax payer and has come after years of allowing British Rail to decline. Instead, there are other factors that the Rail Review need to consider.

**Dramatic increases in people using the railway are due to factors external to the industry**

In a new report,[[18]](#endnote-19) the Independent Transport Commission (ITC) presents a series of research findings that demonstrate how the phenomenal increase in the number of rail passengers is attributable to factors external to rail privatisation. Amongst the points that the ITC make are:

* The population of Britain has grown by about 15% over the period 1995 to 2016 but the number of passenger journeys has more than doubled;
* The type of job that someone has strongly influences his/her propensity to travel by rail to do that job. The Report found that in England and Wales the choice of commuting trips by rail is “particularly high for Finance and Insurance (30%), Information and Communication services, as well as Professional Scientific and Technical work (both 20%). It is also fairly high for Administrative and support services and Real estate activities (both 10%).”
* The researchers found that job growth has been strongest in each of the job categories in the previous point;
* Another factor identified is that of employment location which influences whether a person commutes to work by rail, with 35% using rail in London and 8% in both the South East and East of England;[[19]](#endnote-20)

Linking these and other findings together, the ITC research suggests that:

“ From 1996 to 2018 there was 27% job growth in England and Wales. However, as a direct result of the spatial and sectoral economic composition of employment growth from 1996, the researchers discovered that an increase of at least 41% in rail commuters has arisen from this 27% employment growth. This additional rail commuting growth is a result of two factors: first, job growth occurring more rapidly in employment sectors with a high propensity for rail commuting, and second, the higher rate of job growth in London and the South East, where the propensity to commute by rail is highest.”

**c). Privatisation, the loss of integration and interface costs**

One of the issues highlighted by both the McNulty and “Rebuilding Rail”[[20]](#endnote-21) reports was the loss of integration and the rise of interface costs because of competing priorities that resulted from privatisation.

**Integration**
The Government has recognised the issue of the loss of integration but its initial solution was to set up alliances of the principal TOC (eg, South West Trains on the Wessex Route) with Network Rail. Alliances were set at different depths with those like the Wessex Alliance sharing aspects of a combined organisation. However, what hasn’t been aligned is that of the objectives of both organisations, especially in terms of the TOC’s pursuit of profit and the culture of blame for delays (otherwise known as Delay Attribution). As a result, alliances like Wessex failed and TSSA members report to us that the ScotRail Alliance is currently beginning to fall apart for the same reason. We believe that the Secretary of State’s ideas about an East Coast Partnership could disintegrate in the same way.

The other issue for alliancing – and reported to us by TSSA members in the relevant organisations – is that the TOC may try to control Network Rail for its own commercial ends, despite the Infrastructure Manager also providing a service to other TOC and FOC rail users on the same route.

We believe that it is far better to align incentives and objectives, something we see as only possible in a public owned and integrated organisation.

**Interface costs**

Breaking up an organisation into many parts as happened to British Rail at privatisation leads to increased interfaces between the different parts that have a role in the railway. Each interface will create a cost as each part of the former organisation generates costs and administration to run its business. This means that the model of a fractionated industry is going to be a costly one. Privatisation adds to these costs as each of the parts wants to additionally make a return on investments made and services supplied.

The Rail Value for Money Scoping Report[[21]](#endnote-22) (later the McNulty Report) in 2010 highlighted how Network Rail’s action in 2004 of bringing track and signal maintenance back inhouse (after it was separated under rail privatisation into a number of contracting businesses) saved the publicly owned company as much as £400 million a year, at least £100 million of which was as a direct result of reducing interface costs.

We believe there are still savings to be made amongst, for instance, the renewals contractors that Network Rail uses. Each of those contractors are charging a mark up and seeking to find ways to extract further profits, especially if combined with a steady work bank, one of the objectives of CP6 after the stop-start situation that existed in CP5 (and which increased costs).

One area for interface cost is that of the profit made by Network Rail’s renewal contractors (and other organisations in the supply chain). In some research that we carried out for a response to an ORR consultation in 2017 we supplied the following:

“In its last published accounts (6th October 2016 in respect of the year ending 31st December 2015) Colas Rail Limited (Company Number 02995525) showed a gross profit of nearly £24.03million on a revenue of £230million, suggesting that over 10% of Network Rail’s costs go as profit to its renewals contractors. The profit margin quoted is only in respect of 2015 but the accounts show that Colas made over £28.4million in gross profits in 2014 so the point is to see the profit margin as applicable in the life of the Control Period, not just one year selected at random. It should also be noted that the profit margin of over 10% is in addition to any costs that Network Rail may additionally be liable for under the contract that it has with firms like Colas, thus increasing unit costs for renewals projects.

TSSA would also highlight the potential upheaval every time renewals framework contracts are re-tendered. Each Control Period, the track renewals framework contract boundaries and scope are re-drawn and mean that large numbers of staff are TUPE transferred between contractors and some very experienced contractor staff are potentially lost to the industry through redundancy. It also means that not only does Network Rail lose efficiency as the revised supply chain arrangement beds in, it entails the track renewals contractors having to adjust to the new way of working, including in terms of recruiting or upskilling workers.

All of these elements contribute to reducing the financial efficiency under which Network Rail could otherwise operate and is one reason why TSSA is calling for the work and staff associated with renewals contracts to be taken in house to Network Rail under the TUPE arrangements in the same way as track and signal maintenance was in 2004.

**Privatisation of Network Rail**

We believe that the government is planning for the break up and privatisation of Network Rail and that it has been working towards this objective as part of the devolution to a Route based structure that has its own accountabilities and financing. In fact, it was the Shaw Report from 2016 that proposed the idea of potentially privatising the individual Routes via concessions or time limited licenses.[[22]](#endnote-23)

The introduction of private sector funding for rail enhancements was the subject of research published as the Hansford Report which, worryingly, also suggested maintenance activities on privately funded parts of the Network Rail infrastructure could be handed to the commercial sector.[[23]](#endnote-24) We say worryingly because it was the introduction of the profit priority that eventually led to a series of rail disasters (eg, Hatfield) and the deaths of passengers when track maintenance standards were watered down or just ignored to allow private sector profit by Railtrack

More recently, in February 2019, Network Rail has announced further devolution which will see its eight geographical Routes become thirteen as it seeks to align them more closely with passenger train operating franchises “in an effort to increase their responsiveness to operators’ needs.”[[24]](#endnote-25)

We believe that all of these measures are part of a process that will potentially lead to the privatisation of Network Rail, especially given the current government’s propensity to sell off large swathes of the public sector. Given concerns about safety issues being compromised by profit considerations, increased fragmentation, extra cost and more inefficiency, we see any such move as counter productive for Britain’s railways and not a way to prioritise the interests of passengers or tax payers.

**Efficiencies of Standardisation**

Within Britain’s railways it is seen as appropriate to have national standards relating to safety, risk and engineering as this brings commonality. It also drives efficiencies through standardisation and, in turn, drives cost efficiencies in being able to specify a single product common to the national rail network. This then gives the opportunity to buy in bulk with the cost efficiency obtained through a common supply chain or large order runs.

Regionalisation of activities through Network Rail’s Routes (or, equally a diverse range of TOCs, FOCs and supply chain organisations) such as product approval and hence specification risks leading to regionally diverse solutions with region specific development costs which then drive multiple supply chain orders for diverse products without the same cost benefit of national standardisation.

If costs are to be kept under control the opportunity for national standardisation and procurement for the nationally important rail industry and service has to be of key interest because otherwise it drives cost inefficiencies by delivering what is essentially the same product, albeit in different geographical areas or railway companies.

**British Rail efficiency**We would also highlight research[[25]](#endnote-26) by Dr John Stittle of Essex University, carried out for the TUC and rail unions in 2015 which shone a spotlight on the financial efficiency of British Rail when compared to other European Railways. Dr Stittle quoted from research by Professor Jean Shaoul (Manchester University) who described the state owned and integrated British Rail as “perhaps the most financially successful railway in Europe” at a time when it was “the least subsidised railway system in Europe.”

**Call for a cost benefit analysis of Britain’s railway**
TSSA believes that the Rail Review should look at the true net worth of the railway though the publication of a cost-benefit analysis that would evaluate where and how the strategic asset benefits society. We believe that the benefits from rail are not being felt and are even being underplayed by the absence of sufficient evidence that shows, for instance, how rail could have a positive impact on road congestion, traffic accidents, pollution in cities, achieving environmental targets and much more. With growing concern about the environmental future of human society and each country being called upon to do its bit, the Rail Review is a timely reminder – and opportunity – to look more broadly at how the railway could save Britain!

**Conclusion**
We believe that there is a compelling argument for Britain’s railway to be re-integrated into public ownership for all of the reasons highlighted above. McNulty found that our railways are 40% more expensive to operate than European equivalents when back at the beginning of the 1990s under British Rail they were the most cost efficient. In our view the way to tackle this issue for the benefit of the rail user (passenger and freight) and the tax payer is for the railway to be run as an efficient, integrated, cost effective and accountable publicly owned service. The ethos of the new organisation should be about the provision of a service instead of serving a commercial model that only works in the interest of private companies prioritising profit accumulation, investing simply to extract a return, often at the expense of the tax payer.

**Rail industry structures that promote clear accountability and effective joint-working for both passengers and the freight sector**

TSSA has endorsed the “Rebuilding Rail” report published in June 2012 and which proposes a structure:

* underpinned by the creation of a public service that passengers and the workforce are proud of (like the NHS)
* which would be achieved with every level of the new organisation being very clear about its role by seeking to achieve a set of broad economic, social and environmental benefits
* alongside accountability to users and stakeholders.

More specifically, Rebuilding Rail proposes:

* Absorbing **train operators** into a public ‘passenger operations’ organisation (possibly as existing franchises expire, fail tighter regulation or lose their value);
* **Inter-city services** be reassembled within a unified passenger operator with a single management and business unit, becoming the flagship for the reunified railway;
* In the context of a unified passenger operator in Britain, **regional bodies and devolved administrations to play a greater role in specifying service** needs in their areas and arranging integration of transport forms;
* Creation of a **‘guiding mind’** through a publicly owned **‘GB Rail**,**’** responsible for the management and development of services, infrastructure and rolling stock in an integrated and consistent way. GB Rail would have two subsidiary companies:
1. **GB Rail Network and Operations**, built on a modernised and properly accountable **Network Rail**, responsible for train operations, infrastructure maintenance, renewal and enhancement, signalling and station management;
2. **GB Rail Access**, dealing with capacity allocation, access charges and publicly owned freight ops.
* **GB Rail able to procure new trains directly**, using either government grant or government backed debt and would be able to support UK train manufacturing through a regularised programme of procurement based on predicted rolling stock needs;
* Introduction of **fair lease costs** for existing rolling stock from **ROSCOs**;
* Because of EU competition law and the rights it confers (if still applicable in the UK after Brexit), purchase of **freight companies** would be costly and pointless but the publicly owned DRS would become a subsidiary of GB Rail whilst there would be greater investment in strategic freight network infrastructure schemes carried out in-house by the current Network Rail;
* **Retention of a reformed ORR** to oversee access arrangements for private freight services and international passenger services through the Channel Tunnel.

**Accountability**
One crucial way to change things if Britain’s railway wants to succeed as an industry is to ensure that it really is accountable. Accountability can come at a number of stages, including to those who use it and work for it. People have to feel that they truly own the railways and are involved in as many aspects as possible of managing it within the context of public ownership which is one way of instilling a changed culture and ethos.

We would argue that there has to be national, regional and local input that is meaningful. The way in which such bodies communicate to the public is of equal importance.

In a publicly owned railway, one way to do this would be to have two boards, one an executive and the other a supervisory one like that which exists in Deutsche Bahn. The latter would be made up of stakeholders including from the trade unions.

**Ticket Offices**
As expressed at our meeting with the Williams Review Team, we also see inspiration from the example of the Spanish railways where ADIF (Administrador de Infraestructuras Ferroviarias), the state owned infrastructure manager, has a range of responsibilities similar to that of Network Rail in Britain, However, one difference is that ADIF also provides all of the station ticket offices as part of a complete infrastructure package whilst RENFE, the state owner operator, runs the trains.

In Britain, ticket offices are operated by the train operating companies which means that at some stations, where multiple TOCs operate, there are several company specific sales outlets. One feature of this arrangement is that the different ticket offices don’t always sell each other’s products, making it confusing – and potentially costly - for passengers. We would propose, therefore, that ticket offices should become part of the Infrastructure Manager to eliminate this issue in the interests of the travelling public.

**Controllers**

Another suggestion based on Spanish practice that we made to Mr Williams was for consideration to be given to integrating Control staff from Network Rail and the TOCs within the Infrastructure Manager. Currently, the TOC controllers are focused on their company’s services whilst the Network Rail controllers look after both train operations and infrastructure incidents. In the past, the railway has pursued a policy of integrating controls so these two different groups of staff can work more closely together, albeit from their respective company’s perspective which can be informed by different objectives.

Members have reported that there have been occasions when a breakdown in communications has led to the potential for disastrous consequences. I am advised that a TOC Control can permit a train movement without involving Network Rail Control which can then lead to a near miss situation (or worse) among Network Rail staff working lineside and who are not aware of the change. We believe that on this basis there is a good reason to have one Control with one person dealing with the situation.

**Access to carry out infrastructure maintenance and renewals to take place**In this response, TSSA has previously highlighted the issue of integration at page 7 but in this part of our response we briefly look at the effect of unaligned priorities. We see this as a structural issue.

There are conflicting priorities for train operators intent on selling tickets to increasing numbers of passengers and running trains to make a profitable return, and that of Network Rail and its contractors needing to maintain and upgrade the rail network.

TSSA members, employed in the railway industry, have highlighted the lack of integration as the factor that affects infrastructure maintenance and renewals because of the loss of:

* access to the infrastructure and
* time to do the necessary work.

Many feel a sense of futility in trying to do work to an impossible timescale.

Part of the reason for the loss of access is the more intensive train service cutting down the amount of time available to get on to the track to carry out the appropriate job.

This issue has been exasperated by the sale of land next to access points (to maintain railway security, there are a series of gated locations where railway staff can get access to the infrastructure). The land sales mean that some access points are no longer available for use and necessitates staff using access points further away from the work site.

Members have stated that what was once perhaps a mile walk to the location of the job could now be as much as three miles for the team of workers, their tools and other equipment.

The additional time taken to walk the longer distance all cuts into the shift and the ability to do the job in the time allocated between train services, even at night. Late running trains affect the ability to start the work and missing equipment means a longer journey back to the vehicle parked at the access point with the potential that yet more time is lost from that needed to complete the job.

The overall result of reduced time to carry out infrastructure work, added to by the need to potentially allow more time to get to the worksite because of the loss of access points, means that some planned jobs have to be cancelled and re-arranged.

Chris Gibb, in his report for the DfT on the GTR franchise, identified access by Network Rail to its own infrastructure as an issue on the Southern route[[26]](#endnote-27) but from our members’ feedback the issue is more widespread and continuing.

From TSSA’s perspective, the only way that this is resolved is by an alignment of incentives that lead to greater integration between rail operators and the infrastructure manager, with the best way to achieve that integration being by a common ownership (and thus management) in the public sector. The long called for “guiding mind” within rail would sort out these issues of competing priorities but would need to operate at different levels (eg, policy could be set at GB Rail level but at a regional/local level there would also be a need for coordination to ensure that policy was operated in practice).

**A system that is financially sustainable and able to address long-term cost pressures**

**Funding cycles**
Linked to these concerns is that of the funding settlements for Network Rail. Stop-Go funding is a false premise. For instance, British Rail used to get one year settlements and even Network Rail’s five year Control Periods are insufficient, especially when, as with CP5, funding is reduced meaning that certain projects are delayed or cancelled.

Rail Industry Association research suggests stop-start procurement adds as much as 30% to costs[[27]](#endnote-28) (passed to likes of Network Rail) as companies have to cut back before building up staff and expertise again. Instead, there is a need to adopt a long term view for the railways – may be over twenty years (but with a rolling review, perhaps every seven years).

**Long vision**

In fact, the Shaw Report from 2016 recommended (Recommendation 4) that:

“…the DfT should formulate a long-term vision for the railway…which will

set clear, deliverable priorities for the industry over the next 30 years, providing a long-term context for political decisions.”

In 2017, Network Rail, working with the RDG and Rail Supply Group published the Rail Technical Strategy Capability Delivery Plan[[28]](#endnote-29) which has “a long-term vision and action plan for integrating new technologies into the railway to address the challenges of rapid growth and changing customer expectations.”[[29]](#endnote-30)

Key to delivering those priorities is that of knowing that long term funding commitments can be made. Apart from the vagaries of five yearly fixed Parliamentary cycles that could see governments come and go with different commitments to the rail industry, our concern is that the current government has effectively abandoned enhancements as a part of its funding for CP6 and, instead, is relying on the private sector. It would seem to us that if the government cannot attract the investment, the proposed pipeline projects that are achieved will either be those with the best returns for the private investors or those that ministers could be accused of as being their pet projects, with the possibility that they may change their minds.

**Long term cost pressures**
Costs pressures could be relieved if the rigid division between renewals and enhancement was relaxed.

For instance, BR was good at doing enhancements through renewals with improvements to the railways delivered by a concept of “aspired future state.” This is not about the current policy of short term “like for like” renewal which aims to save £1million now but knows that in ten years the asset will cost £10million to replace (meaning that the sub optimal state of the asset has simply been recreated, leading to renewals money having to be spent twice, therefore not future proofing the asset).

Key to the “aspired future state” concept is to adopt a long term vision and set of values. The recent infrastructure work at Dartford is a case in point where a 10 car station has been re-signalled for 12 car trains. The project involved a lot of expenditure through compensation costs because of the need to shut the railway. However, despite the signalling system’s capabilities and the growth in passenger numbers, the platforms were not lengthened to take 12 car trains meaning that further future costs – higher costs – will be incurred again when the job is done. Instead, it could all have been done at the same time, saving repeat costs.

There is also an argument for investing now to save later in terms of rolling stock procurement. For instance, because of rising demand and a recognition of a need for longer trains, two car sets are increased to three vehicles without regard to future developments which would indicate the need for a fourth coach. Achieving four cars is more expensive from a procurement perspective when economies might have been achievable with larger orders placed when rising demand was identified.

**A railway that is able to offer good value fares for passengers, while keeping costs down for taxpayers**

The railways in Britain have become known for their high cost, even if cheaper tickets may be available at certain times and on many routes. For those people using the railway to get to work or for business related travel, often having to travel in peak periods, costs can be very high and cheaper tickets are not available. It is also noticeable from research that many of the unregulated fares that TOCs claim to be cheaper are just the ones that have seen the biggest increases (see research quoted on Page 8 from the House of Commons’ Library).

**RDG’s Easier Fares Consultation**
The RDG recently ran its Easier Fares Consultation (closed in September 2018) which asked various questions and suggested several different approaches but against the backdrop of keeping revenue broadly at the same level. There is a temptation for us to say that “they would say that, wouldn’t they” as the RDG principally represents the TOCs’ interests.

We would also point out that ultimately the TOCs are attempting to attract people to become rail passengers. As such, any changes to rail fares against an objective of staying revenue neutral is a fallacy - it only holds true if the number of passengers doesn't change. More passengers means more revenue, no matter what the fare structure is; fewer passengers means less revenue.

In February 2019 the RDG published its broad proposals[[30]](#endnote-31) in the light of the consultation responses and once again stated that the changes to fares that it has brought forward are designed to be “revenue neutral, meaning no change in average fares or taxpayer support.” There may well be some innovative aspects to the proposal but at the time of writing the RDG has not published any figures that would justify its claims. **Equally, it has ensured that it does not lose revenue (and thus profits) when what most passengers want is to see cheaper fares and trains that run on time.**

**Passengers unhappy with rail fares**
The industry is primarily funded by the passenger (51% in 2017-18) and from the tax payer (36% in 2017-18).[[31]](#endnote-32) To achieve a railway that is good value for the passenger depends on a definition of “good value” which many passengers are not feeling right now as shown by the most recent Transport Focus “National Rail Passenger Survey.”[[32]](#endnote-33) Amongst a series of negative national results, the survey, which took place in the Autumn of 2018 (published on 29th January 2019), showed that:

* Only 46% of passengers scored their ticket as value for money, a figure that hasn’t changed much since 2008 (and appears unlikely to change under the RDG’ most recent proposal);
* Less than a third (31%) of rail commuters rated their journey as value for money;
* Under a half (47%) of passengers who bought a ticket for business use rated it as value for money.

Combined with other factors, Transport Focus concluded that “Passenger satisfaction with rail services has fallen to a 10-year low.”

Of course, there are a number of factors that contribute to passengers feeling unhappy but, ultimately, the most evident is that of the question of value for money. Passengers aren’t getting what they think they have paid for but, in many cases, especially for commuters, have no option other than the endure high fare prices and what can be a poor service.

**Conclusion**

We believe that a structural reform of the industry and a change to a public ownership model leading to an elimination of complex interfaces and the removal of private sector profit extraction would cut costs and allow for a reduction – or at least a time limited freezing – of ticket prices.

**Inability to achieve targets affecting passenger dissatisfaction**Feedback from our many members and reps in Network Rail also indicates that constant change leading to reductions in numbers of staff, demanded in each Control Period from Government and the ORR, cuts what the infrastructure manager is able to achieve despite performance targets being set ever higher.

For instance, at the time of the ORR’s draft determination of Network Rail’s funding for CP6 (August 2018), the Regulator was demanding an extra £600 million efficiency savings.[[33]](#endnote-34) Staff in Network Rail were also briefed on the same level of cuts. On top of this, Network Rail has recently (12th February 2019) announced a further reorganisation that will see deeper devolution and yet another period of uncertainty for many workers keen to simply get on with their jobs.

A period of stability and an elimination of the staff cuts (dressed up as performance improvements) would enable the company to achieve what it is being asked to do, potentially increasing customer satisfaction.

**Improved industrial relations, to reduce disruption and improve reliability for passengers**

The railway unions are sometimes vilified by certain sections of the media because of a perception about poor industrial relations and strikes over pay and cuts to jobs. Yet, this popular image, frequently endorsed by the current government who recently blamed high fare increases on union pay demands, does not represent a true picture. It also suggests a failure – or unwillingness – to understand the role of trade unions

**Good industrial relations**
In our experience, it takes two parties to be able to improve industrial relations and at its heart is the need for dialogue. Where that takes place, compromise and agreements often occur as both sides are able to act reasonably together to make change. This is what has happened, for instance, with one of the biggest issues likely to affect railway workers, that of the move to a digital railway. Agreements have been reached between Network Rail and the trade unions about a framework that will see tremendous change in the coming years (the DfT are reportedly surprised this agreement came about because of their ideological belief that the trade unions are a threat, something that informs their approach to trade union relationships).

Similar agreements have been reached between the train operators and the trade unions about issues like the ending of contracting out of the Second State Pension. There are numerous examples where, by working together, even if coming from different perspectives, managers and union reps have been able to understand each other’s situations and find solutions.

**Magnified record of industrial unrest**
We would contend that whilst it is quite clear there has been a good record of industrial relations in the railways, there are also highly publicised occasions when, because of privatisation and fragmentation of the industry’s structure, an issue arises that affects a number of the disintegrated companies. One such example is that of the dispute about guards on trains which a number of TOCs have decided to pursue at the same time, suggesting an element of coordination on the part of the employers (who are never criticised by the Secretary of State or DfT for taking such action). What would have been a single action under an integrated, national company then appears to represent a wave of industrial unrest.

**Government connivance in causing disputes**
We would also highlight the issue of government connivance in industrial action:

* The Department for Transport subsidises TOCs during disputes such that the employer does not lose revenue, even if the issue has been caused by the employer. This insulation from the effects of a strike that would cause another employer financial loss means that the operators are encouraged to act irresponsibly and without regard to the passengers who are disrupted.

In our view, it also allows the TOC employers to do the bidding of the DfT, knowing that at the least they can pay for the delay repay claims from disgruntled passengers;
* At a meeting in 2014, prior to the re-let of the Northern franchise, TSSA met with two DfT officials about an issue related to ticket office staff across the industry following some ground breaking work TSSA had been doing with DOR operated East Coast. In the course of the conversation the subject of Northern arose and the DfT officials very candidly advised us about their strategy for how they would take on our sister union, RMT, over the issue of guards on trains. At that stage, the Northern franchise consultation had recently been published which included announcing intentions about changes to various groups of staff. This same attitude was infamously expressed in public by the DfT’s Director of Franchising, Peter Wilkinson, at a public meeting in Croydon in February 2016.

This suggests to us that there are occasions when the DfT has had a hand in provoking vicious disputes by engineering the problem that causes the industrial action, knowing that they will get this type of reaction which they will then blame on the unions. They then coordinate the response. This is what we see in the Southern dispute when the management contract that GTR operates means closer direction from the DfT.

**Employer attitudes causing industrial unrest**
In addition to these comments, we would also state the attitude of some employers who deliberately treat groups of workers differently both collectively and individually, engineering resentment by their attitude. This may be by:

* Agreeing to a higher pay increase for one group but refusing to extend it to others in the same circumstances, leading to the potential for industrial action (eg, Cross Country);
* Establishing a variety of employment policies through negotiations with the trade unions only then to actively work on an individual employee basis to ensure that members/workers do not benefit, perhaps by placing obstacles in their way or by adding in additional requirements not agreed with the trade unions (eg, GWR). Such action leads to disputes and opens the way for the potential of legal claims.

**Employers’ failure to respect union reps**
Added to these factors is that of company attitudes to engagement with trade union reps. In some railway companies there are good relationships and regular meetings which generate a degree of mutual respect and cooperation because matters are dealt with in good time. But this isn’t always the case. For other railway employers, dealing with trade unions is done reluctantly – for instance:

* Where two or more unions are recognised for a group of workers, only one will be consulted on an issue. This shows a lack of interest and respect;
* Making changes to jobs, policies and procedures, etc, previously agreed with the union, without consulting, let alone seeking agreement to the change;
* Withholding information by refusing full access to policies and procedures (eg, Network Rail);
* Restricting work access to websites that a member or union rep may need to consult for research purposes (eg, the websites of HSE, ACAS)
* Using data protection as an excuse to refuse to hand over information that the union and its reps are legally entitled to;
* Prevaricating on issues to delay having to deal with a matter that is important to members, leading to distrust by the workers and unions and resulting in confrontation by industrial action ballots (eg, Northern);
* Refusing to release from duty union reps of people affected by a change that the employer has being pushing forward. That refusal can mean that in a busy working environment, the union rep is hindered in being able to seek views from colleagues that he or she can then discuss with the manager/company;
* Refusing access for union reps to be able to recruit new members;
* In some extreme cases, even intimidating trade union reps by aggressive and intimidatory attitudes. This may mean waiting for an experienced industrial relations rep to take time off and then bullying the new health and safety rep into agreeing a change that is not in his/her sphere to agree and not in the interests of the members;
* Another extreme has been the pursuit of a deliberate policy of intimidating and dismissing union reps in a particular office through the use of settlement agreements (amongst several instances was the six separate examples in one particular office in Virgin Trains West Coast over several years up to 2012).

 **Demoralisation of staff by constant change**
Many TSSA members have experienced constant upheaval in their jobs as the company they work regularly goes through reorganisations.

In Network Rail, for instance, members complain that since 1994 (when the predecessor company was known as Railtrack) the direction of the organisation has constantly changed such that employees sees things going in a full circle (eg, devolution followed by centralisation and now back to devolution). At other times, reorganisations occur at a more local level on top of major change, leaving staff unsure about their futures and with the constant threat of redundancy just over the horizon. In fact, when asked recently by senior TSSA reps how many reorganisations Network Rail had carried out, the company was unable to give an answer.

Consequently, members report a growing sense of demoralisation and frustration, especially when they feel that much of the change is pointless, generated by senior managers who have no railway experience but have been brought in from other industries and base their decisions on their non-railway experience.

Members’ frustration is that the constant change is drawing them away from their focus on contributing to running a railway. Indeed, in Network Rail some reorganisations occur to put back previous organisations when new ideas have been proven not to work whilst some members have complained that even before some change is implemented (eg, by appointing staff to posts), further upheaval is announced.

For many railway people, change that they can see will actually work to improve efficiency is something that they support.

**Demoralisation of staff by a lack of care for their welfare**
Morale is also down because many railway workers have a sense that there is no care for the staff or their welfare. Why do employees feel like this?

* A substantial change of culture in the industry brought about over the last few years in particular as former BR managers leave with their knowledge, experience and dedication to the railway. Consequently, new managers are seen as not valuing railway knowledge and experience;
* Staff are supposed to be the most valued asset in providing a safe and timely railway, yet the advent of privatisation brought with it an increasing trend to regard staff as no more than expendable resources;
* A lack of commitment to the betterment of employees, despite policies and agreements (and associated training) being in place;
* Inefficiencies are created by devaluing staff but to increase efficiency means investing in employees;
* Unrealistic shifts are put in place without structured breaks;
* An absence of real management training for line managers

In Network Rail these issues are compounded for managers (known as Bands 1 to 4) because pay increases have been consistently lower than inflation, unlike those for non-management staff (Bands 5 to 8). What this morale sapping policy has meant is that Bands 1-4 managers have had to endure real terms pay cuts with the consequence that:

* Some managers are looking to return to non-management roles;
* Staff with practical experience in Band 5 who would make very capable managers are deterred from moving to a management post because of the same issue, compounded by potentially also losing overtime and other payments (managers are not paid overtime).

We believe that this is all about short termism and that by pursuing this policy, Network Rail is not looking at the benefit to the railway of nurturing, developing and promoting existing non management staff or designing career paths.

**Railway terms and conditions of employment**One of the problems in the industry has been in relation to the loss of the unique hooks to employment that could offer something different to capture the interest of people who may then bring their talent, experience and energy to the railway. For instance, many rail staff outside the TOCs no longer have access to the Railway Pension Scheme or the concessionary travel arrangements that once existed. Even in the TOCs, the degree of concessionary travel is usually limited to the particular company’s own services, and then only for the life of the franchise.

Many other employment terms – like healthcare and derisory bonus schemes - are very similar to those offered by external employers who may compete for professional staff – like civil, mechanical and electrical engineers, let alone project managers, quantity surveyors and other roles.

The cost of the churn rate to Network Rail’s business, in having to continually replace and train employees, should not be underestimated. Some churn occurs between industry partners (TOCs/FOCs) whose commercial position benefits from Network Rail training. Further break-up of the rail industry would only increase these costs and therefore a more integrated rail industry position with introduction /re-introduction of industry specific benefits has to be worth exploring. In order to capture, develop and retain staff with rail knowledge a more holistic approach needs to be taken to employee remuneration and benefits across all of the rail sector, which focusses on hooks to retain both the employees’ paid service, and goodwill.

We believe that these issues, long sought by members and the trade unions, should be addressed in the interest of the industry.

**Ways to improve industrial relations**
If everyone involved in the railways wants to succeed as an industry, it is crucial that employees and their representatives are engaged in as many aspects of managing the railways as possible, not just those that are convenient to – or part of - an obligation put on the employer.

With this in mind, TSSA would see an improvement to industrial relations if the types of issues listed above (and there are other examples) were deliberately and jointly (trade unions and management) overcome in all railway companies. In essence, this would be by an improved railway company attitude to trade union reps where engagement would see them:

* Respect, accept and embrace the role and purpose of collective bargaining agreements, the structures they introduce and the vital stakeholder role of trade union reps;
* Involve union reps in the early stages of change and not leave engagement until an afterthought;
* Provide appropriate training for directors and managers, perhaps jointly with union reps, around bargaining procedures and agreements;
* Honour trade unions agreements, including around time off for trade union duties and activities as well as in connection with employment policies for staff members;
* Work with the appropriate unions to overcome detrimental terms and conditions of employment (eg, around restructuring of pay and conditions);
* Introduce sector wide collective bargaining.

**TSSA Bargaining Standards**
The Union is in the course of developing a series of bargaining standards which we have begun to use to set the agenda around equalities and in other areas like employee development. Among those bargaining standards are ones relating to:

* LGBT+
* Neurodiversity
* Equal Pay
* Mental Health
* Apprenticeships

Over twenty railway employers attended the launch of our LGBT+ Bargaining Standard at a Parliamentary reception last year which, so far, has led to Network Rail and Abellio ScotRail beginning the process of adopting our proposals.

In terms of neurodiversity, TSSA already has a recognised reputation in this area from work we have previously done with railway companies and now we are taking the matter to its next logical step with a Bargaining Standard that is planned to be launched shortly.

One matter we briefly discussed with Keith Williams when we met him in January was our Apprenticeship Bargaining Standard that we see as applicable to both new entrants and existing employees, especially at a time when the industry is anticipating the requirement for significant new skills in the light of the move to a digital railway.

**A rail sector with the agility to respond to future challenges and opportunities**

The ability of the rail sector to be agile enough to be able to respond to future challenges and opportunities has to be looked at from different time perspectives and really shows up the absence of a “guiding mind” that can look forward thirty years as part of a rail strategy – but which can also see and respond to the issues that are occurring in current time.

**Service disruption**

For instance, one of the immediate issues that causes problems for the railway companies is the ability to respond to service disruption. Unlike occasions when TOCs have been able to plan for special events (such as sporting fixtures at Cardiff’s Principality Stadium or scheduled engineering work on the West Coast Main Line) when staff can be brought in to cope with the influx of passengers, at other times the absence of any spare staffing capacity is shown by the chaos that ensues. The most extreme case of this was seen in the recent timetable debacle that particularly affected Northern and Thameslink passengers with TSSA members reporting that they had been left alone at their stations to deal with disgruntled and angry passengers.

It is not uncommon for staff to find themselves having to deal with disruption and the consequent frustration and anger from delayed passengers, some of whom will also become violent.

**Assaults on staff engaging with passengers**

Issues of the personal safety of railway workers often appear to be overlooked by TOCs which is why TSSA surveyed members dealing with the 2018 GTR Thameslink timetable issue. Our survey discovered that 87% of workers complained about an increase in verbal and physical abuse, as well as attacks on staff, whilst 79% of respondents told us they felt less safe at work.

The RSSB’s Annual Safety Performance Report for 2017/18 (ie, before the timetable chaos) reported a 6% rise in assaults on staff, the highest in six years. Attacks on station staff in particular have driven the rise, with a 44% increase in harmful assaults towards this group in one year.[[34]](#endnote-35)

**Cuts to staff reducing agility to respond**

Increased numbers of assaults on railway workers who deal directly with the public indicate that staff are becoming the target for passenger frustration when with sufficient staffing, situations can be dealt with in a more orderly way. If nothing else, the employees on duty would know that they have assistance to hand. Instead, there are simply not enough railway workers to deal with passenger frustrations.

This situation is caused by companies reducing their staffing to the barest minimum in the interests of cost savings to increase profitability. The same motive is often behind carrying vacancies and a reluctance to invest in spare staff who could be brought in to deal with disruption and other issues. For these reasons, we believe that the railway is unable to show the agility it needs.

Instead of planning for the long term and taking that perspective in decision making, the short termist nature of passenger franchises mean that at best the operator only looks at what they can achieve in a limited time. It also means that they don’t plan beyond the franchise – or even into the final few years of their tenure – in case they don’t win the contract again.

We believe that the industry needs to recognise the reality that “to save money in one place causes cost in another.” Demands for saving money and cutting staff at one location, given the practical integrated nature of the railway, means that somewhere else a cost will then be entailed. This factor can be seen at work in stations as described above. But it is also possible to see the issue as one of a lack of joined up thinking between Network Rail and the TOCs because they work to different objectives.

As mentioned above, one area in which this is particularly highlighted is the problem of a lack of surplus staff. Unlike the mainline railway, London Underground carries a number of surplus staff against the recognition that issues occur at a variety of levels but can then be dealt with because resources are available. We also understand that this is the approach of the Japanese railways which maintains spare train crews to ensure that its reputation for punctual trains is maintained. TOCs, by comparison, only have a small number of spare or surplus staff (eg, drivers or station staff) available to assist with disruption which means it can take longer to recover the situation.

We also see the fragmentation caused by rail privatisation as having a detrimental effect here because there are barriers to staff from different TOCs and FOCs being available to help with an issue in another company (eg, drivers could be idle in a FOC depot but the TOC next door has insufficient staff available because of an issue that has arisen).

Linked to the lack of agility is that an aspect of recovery is dealing with an influx of passengers at a station where trains have been cancelled. Members have advised us that during disruption it is possible that a tipping point is reached in terms of the numbers of people on the platforms which can then mean that rail users fall on to the infrastructure, resulting in the potential for serious safety implications, not to mention further train delays. Unlike London Underground stations, many National Rail stations are not gated. This issue is compounded by staff resources being cut to the bone.

**Station staffing**
Passenger train operating companies have been cutting staff at railway stations and in the process forcing many passengers to pay higher rail fares because advice on cheaper options is not available.

In February 2016, Transport Focus published further research under the title of “Passenger attitudes towards rail staff” which concluded that passengers “like and value having staff around.”[[35]](#endnote-36) The research identified a series of core areas where the presence and assistance provided by customer-facing staff was seen by passengers to be an essential part of the service they expect to receive:

* ticket retailing

• revenue protection

• accessibility

• information provision, especially during disruption

• assistance, especially during disruption

• personal security.

In terms of ticket retailing, the following chart shows how despite a decline in sales, the ticket office is still the most popular place to buy a ticket with nearly 40% of passengers using this facility as opposed to other avenues favoured by train operators.



(Chart published by Transport Focus in “Passenger attitudes towards rail staff” and based on gross receipts by retail channel, 2003/04 to 2013/14 (% of total receipts))

What this shows is that there is still a clear need for staffed ticket offices at stations. In the latest National Rail Passenger Survey, that for Autumn 2018 (published in January 2019),[[36]](#endnote-37) Transport Focus that 67% or respondents were satisfied with the availability of staff and 19% had no opinion, suggesting that 86% of passengers want to retain staffing at current levels.

**Disabled travel**
The cuts to station staff has meant discriminating against those who need assistance to be able to travel – as too often no one is available to be able help people on or off trains.

Examples of disabled passengers having difficulties with rail travel have sometimes attracted media attention,[[37]](#endnote-38) including that relating to Tanni Grey-Thompson who had to crawl out of a train after throwing her wheel chair out of the open door. On other occasions, the media has been absent but reports have been received from other sources including the one that occurred at an unstaffed station near Edinburgh when only the presence of taxi drivers waiting for a fare enabled a person in a wheel chair to actually get off the platform that didn’t even have a ramp.

Increasing numbers of people are using the rail network and that, for instance, includes 67% of the 13 million disabled people living in the UK according to a survey by Populus carried out for Network Rail.[[38]](#endnote-39)

We believe that staff should always be present to enable disabled travellers to board and light from trains – and the stations that they use. This has been one of the trade unions’ arguments about cutting conductors from trains at the same time as reducing station staffing and which means that travel assistance schemes that many operators publicise can be undermined in practice. Train companies should be aware that a progressive way for society to develop and to be inclusive of all is not by excluding anyone because of prejudice or inconvenience.

**Conclusion**

TSSA believes that a review of Britain’s railway needs to address some fundamental issues if it is to be regarded as at all credible. Principal among those is the question of ownership which Mr Williams now appears to be saying is no longer a central issue. We believe that this approach is wrong because so much else flows from the question of ownership in terms of the priority given to passengers and tax payers. Inevitably, this leads to the question: is the railway a service to the public or is that objective compromised by allowing it to be a way of enabling companies to make money for shareholders?

In this submission we have tried to show that the private company profit priority has been artificially supported by tax payer subsidy without which there would be no privatised passenger railway. Even on the infrastructure side, steady work banks call in to question employing external contractors. Any restructuring of the railway industry that flows from the Review which does not adequately address the central issue of service or profit is likely to be seen as a just another way of rearranging the deck chairs to maintain the ownership status quo.

At the same time, the Review emphasises passenger interests. Our argument is that privatisation has led to passengers being forced into paying rail fares that have risen by 20 per cent in real terms above inflation for a service that is steadily getting worse. According to surveys, it is passengers who are in the forefront of those calling for public ownership. Only a fundamental review that puts passengers and the service that they want at the heart of the industry’s offering will actually address their concerns.

**End Notes**

1. See: Fullfact: Do the public want railways re-nationalised?” at: <https://fullfact.org/economy/do-public-want-railways-renationalised/> [↑](#endnote-ref-2)
2. See: <https://www.gov.uk/government/publications/a-strategic-vision-for-rail> [↑](#endnote-ref-3)
3. Page 32 of Web version of Note i [↑](#endnote-ref-4)
4. See Page 11, Rail Finance 2016-17 Annual Statistical Release at: <http://orr.gov.uk/__data/assets/pdf_file/0008/25757/rail-finance-statistical-release-2016-17.pdf> [↑](#endnote-ref-5)
5. See: <http://orr.gov.uk/__data/assets/pdf_file/0006/39381/rail-finance-statistical-release-2017-18.pdf> [↑](#endnote-ref-6)
6. See also: Page 12 of ORR’s “Rail Finance 2017-18 Annual Statistical Release” at: <http://orr.gov.uk/__data/assets/pdf_file/0006/39381/rail-finance-statistical-release-2017-18.pdf> [↑](#endnote-ref-7)
7. See Page 12 and note 39 in House of Commons Library Briefing Paper CBP3146 15th June 2017 “Railway Rolling Stock (Trains)” available to download from: researchbriefings.files.parliament.uk/documents/SN03146/SN03146.pdf [↑](#endnote-ref-8)
8. See: http://orr.gov.uk/news-and-media/press-releases/2018/orr-approves-35bn-plans-to-boost-britains-railway-reliability-and-timetabling [↑](#endnote-ref-9)
9. <https://chpi.org.uk/wp-content/uploads/2017/08/CHPI-PFI-ProfitingFromInfirmaries.pdf> [↑](#endnote-ref-10)
10. See: Paragraph 13, Page 9, House of Commons Transport Committee “Rail Franchising: Ninth Report of Session 2016-17” at: <https://publications.parliament.uk/pa/cm201617/cmselect/cmtrans/66/66.pdf> [↑](#endnote-ref-11)
11. See Tables 2.13 and 2.15 of “ORR Rail Industry Financial Information 2017-18” at: http://orr.gov.uk/rail/publications/reports/uk-rail-industry-financial-information/uk-rail-industry-financial-information-2017-18 [↑](#endnote-ref-12)
12. See Tables 2.13 and 2.14 at pages 36 and 37 of: <http://orr.gov.uk/__data/assets/pdf_file/0006/26439/uk-rail-industry-financial-information-2016-17.pdf> Viewed on 15th January 2019 and published 18th January 2018. [↑](#endnote-ref-13)
13. See the latest published data at: <https://www.gov.uk/government/publications/rail-subsidy-per-passenger-mile> [↑](#endnote-ref-14)
14. See: “Rail: frustration grows with Britain’s fragmented network”, Financial Times, 29th January 2018 at: <https://www.ft.com/content/d82848ca-f7ba-11e7-88f7-5465a6ce1a00> [↑](#endnote-ref-15)
15. See Table 2.14 “Franchised Train Operator Dividends over the past five years” at page 37 of “ORR Rail Industry Financial Information 2017-18” at: <http://orr.gov.uk/rail/publications/reports/uk-rail-industry-financial-information/uk-rail-industry-financial-information-2017-18> [↑](#endnote-ref-16)
16. Available at: <https://beta.companieshouse.gov.uk/company/03007940/filing-history> [↑](#endnote-ref-17)
17. Dated 30th November 2018 and downloadable from: researchbriefings.files.parliament.uk/documents/SN06384/SN06384.pdf [↑](#endnote-ref-18)
18. “Wider Factors affecting the long-term growth in Rail Travel,” published in November 2018 and available to download at: [www.theitc.org.uk/wp.../05/ITC-Report-Rail-Passenger-Demand-November-2018.pdf](http://www.theitc.org.uk/wp.../05/ITC-Report-Rail-Passenger-Demand-November-2018.pdf) [↑](#endnote-ref-19)
19. See paragraph 3.2.1, page 8, of Note x document [↑](#endnote-ref-20)
20. See: <https://www.transportforqualityoflife.com/u/files/120630_Rebuilding_Rail_Final_Report_print_version.pdf> [↑](#endnote-ref-21)
21. See page 22: Rail Value for Money Scoping study report Version 1.1 31 March 2010 <http://data.parliament.uk/DepositedPapers/Files/DEP2010-1291/DEP2010-1291.pdf> [↑](#endnote-ref-22)
22. See Recommendation R6, page 5, “The Shaw Report: The future shape and financing of Network Rail at: <https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/510179/shaw-report-the-future-shape-and-financing-of-network-rail.pdf> [↑](#endnote-ref-23)
23. See Page 27 of the Hansford Review at: <https://cdn.networkrail.co.uk/wp-content/uploads/2017/07/The-Hansford-Review.pdf> [↑](#endnote-ref-24)
24. Published in the Railway Gazette: <https://www.railwaygazette.com/news/single-view/view/network-rail-reorganisation-aims-to-bring-radical-change.html> [↑](#endnote-ref-25)
25. “Network Rail: Staying on the right track” available at: <https://www.tuc.org.uk/sites/default/files/Network-Rail-Staying-on-the-right-track_0.pdf> [↑](#endnote-ref-26)
26. “Gibb report: review of Southern Rail network and other related issues” – at: <https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/619795/chris-gibb-report-southern-rail.pdf> [↑](#endnote-ref-27)
27. See Financial Times article “UK rail industry disarray blamed on ‘boom and bust’ funding” dated 22nd October 2018 at: <https://www.ft.com/content/f1f7cf86-d393-11e8-a9f2-7574db66bcd5> [↑](#endnote-ref-28)
28. See: <https://www.rssb.co.uk/rts/Documents/2017-01-27-rail-technical-strategy-capability-delivery-plan-brochure.pdf> [↑](#endnote-ref-29)
29. See: <https://www.networkrail.co.uk/railway-look-like-30-years-time/> [↑](#endnote-ref-30)
30. See: <https://www.raildeliverygroup.com/media-centre/press-releases/2019/469762745-2019-02-18.html> [↑](#endnote-ref-31)
31. See Page 10 of “ORR Rail Industry Financial Information 2017-18” at: <http://orr.gov.uk/rail/publications/reports/uk-rail-industry-financial-information/uk-rail-industry-financial-information-2017-18> [↑](#endnote-ref-32)
32. Report downloadable from: <https://www.transportfocus.org.uk/news-events-media/news/rail-passenger-satisfaction-lowest-level-decade/> [↑](#endnote-ref-33)
33. ORR briefing 4th July 2018 [↑](#endnote-ref-34)
34. See Page 55 of RSSB’s Annual Safety Performance Report for 2017/18 at: <https://www.rssb.co.uk/Library/risk-analysis-and-safety-reporting/annual-safety-performance-report-2017-18.pdf> [↑](#endnote-ref-35)
35. Page 2, “Passenger attitudes towards rail staff” published by Transport Focus, 5th February 2016 and available at to download at: <http://www.transportfocus.org.uk/research/publications/passenger-attitudes-towards-rail-staff> [↑](#endnote-ref-36)
36. See: http://d3cez36w5wymxj.cloudfront.net/wp-content/uploads/2019/01/05111216/New-Main-Report-Autumn-2018.pdf [↑](#endnote-ref-37)
37. See: <https://www.telegraph.co.uk/news/uknews/road-and-rail-transport/9165540/Tanni-Grey-Thompson-I-was-forced-to-crawl-off-train.html> and <https://www.independent.co.uk/news/uk/home-news/tanni-grey-thompson-paralympic-paralympian-legend-stopped-blocked-wheelchair-train-virgin-a8126541.html> [↑](#endnote-ref-38)
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