

Will nationalisation  
get our railways ...



## Great British Railways is Labour's solution to our 'broken' network. But there are hurdles on the line, writes *Oliver Gill*

**B**ournemouth railway station was heralded as a triumph when it opened in 1885. Londoners flocked to the terminus on new express trains that enabled them to swap the smog of the capital for lungfuls of seaside air.

This week, a depot near the station will play host to what Heidi Alexander, the transport secretary, hopes will be another "turning point for the future of our railways".

On Thursday, she will unveil the first Great British Railways-branded train as South Western Railway (SWR) – which operates about 1,600 trains a day to more than 200 stations throughout the south and southwest of England – is brought into public ownership. It will be the first of ten train lines to be nationalised by

Labour between now and October 2027.

"Through public ownership, we will fix our broken railways to get Britain moving," Alexander told The Sunday Times. "I am determined to instil a sense of pride back into our railways."

Nationalisation is far from a panacea, however. Four other franchises – LNER, Northern, Southeastern and TransPen-

nine Express – are already in public ownership, having been nationalised between 2018 and 2023 by previous Conservative governments.

While LNER has improved service levels, topping a recent survey of train operating companies by passenger watchdog Transport Focus, Northern was second from bottom. TransPennine Express came below the much-maligned Avanti; Southeastern ranked just above the west

coast main line operator.

"Is this a quick fix to the railway problems? No," said Henri Murison, head of the Northern Powerhouse Partnership, the think tank looking to boost the northern economy. "But do this properly and it is worth going through the process."

Alexander added: "It will take time to undo decades of fragmentation, but the transformation has begun – from a system designed around commercial contracts to one built on public-service values that put passengers first."

Plans to renationalise Britain's railways pre-date Labour by several years. Indeed, they can be traced back to the summer of 2018 when a disastrous timetable change sparked chaos across the network. Chris Grayling, transport secretary at the time, ordered a "root and branch" government review of the rail-

ways in response and picked Keith Williams, the former British Airways boss, to lead it. "I always thought that change would have to come through nationalisation," Williams said, seven years on.

The central plank of Williams's recommendations was the creation of Great British Railways (GBR), a body dubbed the "Fat Controller" after the character invented by the Reverend W Awdry for the Thomas the Tank Engine books. Williams prefers to call it the "guiding mind" of Britain's railways.

Labour picked up the GBR mantle when it swept to power last year. Its livery will adorn trains as they are brought into public ownership and meet minimum standards, but establishing the quango is proving tough, with its launch pushed back until 2027.

Behind the scenes, however, work is progressing on integrating the operation of track and trains, with the creation of managers who will be responsible for both the running of services and the infrastructure upon which they operate. "It's not just the branding, it is the way the train operators are run," said Labour MP Andy McDonald, a former shadow transport secretary and a long-time advocate of nationalisation.

Alexander added: "The real transformation will come from a complete cultural reset ... moving us away from 14 siloed train operators racing to the bottom and back to British train services run by a British company with the sole purpose of delivering for working people."

## BREAKING UP WAS HARD TO DO

The break-up of British Rail, founded by Labour PM Clement Attlee in 1948, was central to the privatisation of the railways under John Major in the 1990s. Operations were carved up geographically and control passed to the private companies

willing to offer the most money when they put in bids to run a franchise.

Rail infrastructure – tracks, signals and stations – was incorporated under Railtrack. The Tory logic was straightforward: by disaggregating the railways, competition would drive down costs and service levels would improve.

In one sense, privatisation was a huge success. Passenger journeys more than doubled between 1997 and 2018, rising

by 107 per cent. But the demise of Railtrack in 2001, under huge debts following the fatal Hatfield train crash a year earlier, and its transfer to a publicly-owned body called Network Rail, changed the dynamic. With one half of the railways in the private sector, the other state-owned, an adversarial relationship ensued.

"What do passengers really care about? They care about better train services, whether publicly or privately owned," said Murison. "The thing that will make it better is the people operating the trains, the people operating the infrastructure, working collaboratively."

Dominic Booth is one of Britain's most experienced rail executives. He worked his way up to senior roles in British Rail before heading the Dutch state-owned firm Abellio, which ran large tracts of the UK railways during privatisation.

Booth went on to lead the management buyout of Abellio a couple of years ago, rebranding it Transport UK; it operates the Greater Anglia, West Midlands and East Midlands operating companies.

As someone who will lose out on the income generated from running rail services, Booth is unsurprisingly disappointed at the prospect of handing back the keys to those routes in the coming years. And, like Williams, he harbours concerns about the two-year hiatus before GBR is fully up and running. "That makes us a little nervous," he said.

Booth is experienced enough to know all the tricks in the book and speculates that officials may resort to underhand tactics to save face: "One of the easier ways to improve performance statistics is to run fewer trains and slow them down."

There is no suggestion this is the plan.

The success of Labour's plans will likely hinge on keeping the powerful rail unions onside. On one hand, Louise Haigh, Alexander's predecessor, handed train drivers a huge sweetener by agreeing to a "no strings attached" 15 per cent pay rise last September.

On the other hand, union leaders are already in talks to secure an above inflation wage hike this year. If Alexander proves less generous, strikes by the Rail, Maritime and Transport workers union (RMT) and drivers' union Aslef have brought services to a near standstill in recent years.

The other consideration is the financial impact of nationalisation on the wider taxpayer. Labour estimated in its pre-election manifesto that £680 million is wasted by the "current model". By bringing the train companies under state control, it argued, this money could then be recouped to boost the public finances.

This is a headscratcher for some experts. Jason Hurst, a partner at professional services firm Grant Thornton who specialises in advising the rail sector, reckons the savings under nationalisation would be nearer £100 million – a figure representing the performance payments to privately-owned operators.

Such savings are small compared with the rail sector's annual subsidy of £12.5 billion for the year to April 2024, according to the latest published figures.

Reducing the financial burden of the railways on taxpayers is far from straightforward, but Williams believes there are opportunities to do so under Labour's plans. "Firstly you need better performance. That increases the ridership, which is key to growing revenue," he said.

"What I learnt at BA was that if you could get every day humming without delay, the costs that came out were absolutely enormous. I think the point has been lost on the railways: run an efficient

network – not the point where you slow things down – and this is where you get the most cost benefit.”

Williams continued: “You do need lower costs. The costs side has always been difficult because a lot of it is tied up in labour, and getting productivity out of labour is notoriously difficult.” This is despite wages being train operators’ biggest single expense. The most recent figures show their staff costs amounted to £4.1 billion of the £12.5 billion total.

Some might argue it is defeatism, others will say it is realpolitik, but Williams believes the more diplomatic option is “to look elsewhere” for savings. “The obvious place ... is ticketing and fares.”

### FARE TRADE

Britain’s railways have a staggering 55 million different tickets. Simplifying the system has proved difficult because, in the absence of extra funding from the Treasury, this will create winners and losers. In other words, some passengers’ fares will go down; some will go up.

But Williams points to the success of Transport for London (TfL), where 62 per cent of journeys are contactless and 24 per cent are paid using Oyster cards. “That is an enormous benefit in transparency of fares and costs because collection costs are significantly lower.”

Analysis of fares appears to corroborate the savings on offer. A single London Underground journey in zones 1-4 has risen from £2.80 when Oyster cards were introduced in 2004 to £3.70 in 2024 – an increase of 32 per cent. Regulated national rail fares over the same period, by comparison, have risen by 115 per cent, according to official figures.

But rolling out new tap-in, tap-out services is far from straightforward, however. A planned expansion of the TfL system across southern England endured more than a year of delays because of technology hitches and then a hack of TfL’s IT systems last autumn. It would also risk putting Labour on a collision

course with the rail unions by virtue of rendering ticket offices redundant.

Whether it be ticketing or other operations, for Williams, Labour’s plans will succeed or fail depending on its willingness to relinquish control to GBR.

Ironically, this could ultimately mean reprivatization of some operators, or at the very least allowing private firms to run services under the GBR banner, the type of model operating in the capital.

The London Overground is currently run by the private equity-owned Arriva, and the Elizabeth Line is transitioning from Hong Kong firm MTR Corporation to a consortium led by former FTSE 250 company Go-Ahead.

“The government is in charge of strategy,” said Williams. “But leave it to the guiding mind to maximise the operations. Ultimately, that might lead to a mixture of private and public operators. If you can find someone who can operate the railway more efficiently than you can yourself, you buy the service in – which is what TfL does anyway.”

The reintroduction of private companies on the railways is, of course, at odds with the strident Labour message that nationalisation of the railways is the answer to its problems.

“Yes, there is political dogma,” said Williams. “But I’m not sure that will survive long term.”

14

Current number of train operators that will be nationalised

£680m

Labour’s estimate of the wasted money under the “current model”

£100m

Independent estimate of the actual cost saving of nationalisation







WHEN WILL MY TRAIN COMPANY BE NATIONALISED?

Already announced or nationalised

London North Eastern Railway	June 24, 2018	
Northern	March 1, 2020	
Southeastern	October 17, 2021	
TransPennine Express	May 28, 2023	
South Western Railway	May 25, 2025	
c2c	July 20, 2025	
Greater Anglia	October 12, 2025	

Source: UK Parliament

Expected nationalisation date

West Midlands Trains	September 20, 2026	
East Midlands Railway	October 18, 2026	
Avanti West Coast	October 18, 2026	
CrossCountry	October 17, 2027	
Chiltern Railways	December 12, 2027	
Govia Thameslink Railway	April 1, 2028	
Great Western Railway	June 25, 2028	