

George Bradshaw Address - 6 September 2011

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(Check against delivery)

The place of the railways in the UK

An important time for the industry

I am honoured to be giving the first George Bradshaw address - especially at such an important time for the railways. And I am delighted that we have a new date in our diaries to meet as an industry at a time when, more than ever, we need to think and act as one.

We may be at risk of wasting a good crisis

We meet, however, in tumultuous times, times characterised by international financial mayhem, recession and tough challenges for business and households alike.

But I wonder if we're not now in danger of wasting a good crisis, wasting the opportunity to stimulate much needed and much sought after change.

There is growing unease amongst many people that we have a society which is fragmented, polarised and even plain disengaged.

There is growing sense of the UK as a country that's meandering industrially - and hooked on carbon.

Churchill said, 'We shape our dwellings, then afterwards our dwellings shape our lives.'

If we think back to how the railways of the Industrial Revolution rewired economic and social behaviour in the 19th century, we gain insight into how the infrastructure that we design and build today has the power to reprogram the way we live our lives and move our goods in the post-carbon, post-industrial era.

We have an opportunity now to shape that infrastructure in a way which, in turn, will help to shape our lives.

I believe that we have the chance to leverage a new found appetite for change amongst the public, born of crisis, to galvanise a shift from a fragmented to a connected Britain: from a top down to a bottom up-led society - from a post-industrial to a knowledge-based economy, from high consumption to low carbon.

As leaders of one of the critical aspects of our nation's wiring, we have the opportunity - and, I would argue, the responsibility - to engage the public in how we reshape the dwelling in which we live; the social and economic framework in which we operate in the 21st century.

Where we are today

But let's first take stock of where we are today. We run 25,000 trains a day on the most densely used railway in the world.

And we've come a long way in recent years.

Despite the challenges of the '90s, we have delivered one of the safest railways in the world. Over 90 percent of our trains run on time. We operate over one thousand more trains every week than we did 5 years ago.

And we, the industry, have done that together.

Over the past decade, some great infrastructure projects have been developed by the companies represented in this room: the Olympics Park, High Speed 1 and St. Pancras among them. And Network Rail has just opened the first new line in many years, Airdrie-Bathgate. These are just a few of the achievements of which we should be rightfully proud.

Demand for rail journeys is growing faster in the UK than anywhere else in Europe.

And - almost unnoticed - we've become a growth industry.

So it's a good time to ask, 'What do we do with the future?'

What's keeping the industry busy today?

Let's begin to consider that question by looking at what's keeping us busy today. The past eighteen months have moved at breakneck speed.

We're in the midst of planning for the next five years and there's a lot at stake.

We're preparing for a new funding settlement and just about to enter an intense period of refranchising.

With the help of Sir Roy McNulty's Value for Money Study, we're pushing hard for efficiencies in our current funding

agreement - and we have already delivered 13 per cent in real terms from 2008/09 base.

And, we continue to make progress on the measures we've been working so hard on, as an industry, for a decade: safety and performance.

All the while passengers are challenging us to improve the service we deliver.

Judged by the weakest of our performance

Yet, more often than not, what we hear from passengers brings home to us the very considerable gap that exists between what we think we're delivering and what the public thinks we're offering.

The public is not interested in the improving trends of our industry or performance statistics.

The public is interested in fares, seats, delays, disruptions and information. In the transactional world we inhabit every minute of every day, we are only as good as our weakest performance

The basis for negative perceptions

These are the things which dominate our relationship with the train travelling public - and therefore with the country at large. It is these things which prompt the public to caricature our railway as a lost cause run by incompetent, self-interested bureaucrats or profit-hungry racketeers. We know that many of the public view the leadership of the industry with confusion,

suspicion or disdain. They don't trust us and therefore are resistant to changes we want to make.

It's for this reason that some politicians find it too easy to dismiss or criticise this crucial national industry.

We know how strongly policy makers are influenced by the climate of public opinion.

It's also why we find it difficult to attract talent to this sophisticated and growing sector.

Whether we feel that the public characterisations of our industry are fair or universally held is immaterial. The onus is on us to grasp that reality and create a new context for the debate.

The dichotomy

So if that's a snapshot of where we are today, let's step back to see the dichotomy at the centre of the picture.

This is a growth industry - and the great challenge for us is how we cope with increased demand. Yet we feel we don't have the scope to create a network that can rise to that opportunity. And we don't have the mandate from those who fund us.

So we're working hard within the tight constraints of our funding and our infrastructure and with a low stock of credibility with key stakeholders.

In addition to this, we are wrestling the multiple trade-offs inherent in our industry - such as capacity versus performance versus cost. The expectations of service in the context of fares. And we're always working to balance the pace of progress

against the degree of disruption imposed on the users of the network.

It is becoming increasingly apparent that the basis on which we operate is fundamentally an extension of the past. And, crucially, that we're going to hit the buffers on those parameters sometime soon.

We're not sure when - or which of those parameters will reach its limits first. We're not building a greenfield railway for the future on the plains of Spain or across the big country of the US. We are trying to retrofit the oldest, most densely used railway in the world - as we try to squeeze a 21st century system out of what is essentially a Victorian structure.

And every time, for example, we add a train path to the aging, inflexible East Coast Main Line, we stretch the law of diminishing returns just a little bit further.

I've never been in an industry before where growth felt like such a problem! That's why, to me, it's counter-intuitive not to be focused on finding a way of moving beyond the impasse that we see ahead of ourselves.

That is why I'm talking today about how we frame a vision for the future which enables us respond to the growing demand for the railways in the bold way that I know, from talking to so many of you, the industry hankers after.

The lessons from HS2

Now, some of you may say, 'But what is HS2 if it's not all about a vision for the future?' It is indeed a highly imaginative and thoughtful plan designed to deliver significant long term

benefits - both tackling the impending crisis in capacity on the over-burdened West Coast Main Line and improving performance for commuters by opening up 13 new train paths per hour.

And for the first time in 150 years, it builds redundancy back into the system. Exactly what we - as an industry - want and need for the network.

Yet, there's a recognition that delivering this progress brings with it short term challenges of cost and disruption.

High speed two was launched with one of the most cohesive cross-party mandates ever seen in this industry.

It was lauded by politicians as a way to secure economic growth for both the local and national economy. And seen as a way to bridge social divides between the North and South of the country.

So what does the story of HS2 so far telling us? What lessons can we draw from its current progress, and its current challenges, to help us in the future?

The public dialogue around HS2 has become dominated by one side of the argument - with local interests joining some taxpayer groups.

The problem is not in their arguments, which are reasoned though parochial, but rather the main strength of the 'No' campaign is, in my view, our lack of argument about the wider significance of the programme. And the deafening silence from the public at large.

The key to securing investment for infrastructure development lies not just in having a good case but in making the case to the

public. Yet, as an industry, we appear to have taken the public out of the equation. Instead we take our argument to the Department for Transport and seek only their approval and support - and hope that will be enough.

We need to recognise that political or departmental support, without public support, does not guarantee success. We've seen that recently with the government's proposals for forests and again with NHS reforms - and I suspect that we will see more examples of the public's desire to engage in such important issues of public policy.

The case for HS2 is not just about an improved section of track going from London to Birmingham and then beyond - however important any particular stretch of track might be. Yet, the current commentary has it positioned as a high-cost fix to a local problem, not as a key component of an over-arching vision. That means we have failed, so far, to put forward a coherent national context for HS2 and the potential it offers to reshape how we travel - and live - in the 21st century.

Making the investment case to the public

But then, it is not surprising that the public doesn't understand the case for investment in the railway industry - we haven't made it yet.

We've not explained to them how dire the capacity crisis is. That failure to invest now means more standing up for long journeys, potentially less reliable services and higher fares. And, most importantly, that very soon, the southern end of the

West Coast Main Line will be full - and that means no space for any new passengers, standing or seated.

We've not explained that if we do not invest in the North, research shows that we will be endangering the ability of the British economy to recover successfully. And we will be increasing the strain on housing, utilities and public services in the South East.

And we have not explained that our network remains much the same as it was 100 years ago. So if we do nothing now, we will struggle to deliver further cost efficiencies, to benefit from technology advances and to deliver the service levels that have come to be the standard of modern railways across the world.

These are not excuses. We know we must continue to expect more from ourselves and deliver to our maximum. But we do need to explain that there are costs associated with doing nothing. There is a price for not investing in our railway.

By failing to make the public aware of these issues... by failing to explain the big picture to the public - as passengers, as taxpayers and as investors in the future - we have left them confused about what the options are.

We have weakened our own argument by failing to explain what is at stake. And therefore we have made it more difficult to deliver change.

The Government's White Paper will be coming out later this year and, of course, it will include questions about how we run our businesses today. But I would also expect the Secretary of State to throw down a gauntlet to us about how we manage our railway in the future.

Opening a dialogue with the public

That's why I want us to open a dialogue with the public about the place of the railways in the UK in the future.

To continue to obtain public funding - even as we move to a greater mix with private funding - we absolutely need to employ a more intelligent way of gathering public support.

In the past our agenda was clear. It was set through - and explained by - process and targets. Control Period 3 and the beginning of Control Period 4 were about fixing the railway and improving reliability.

Our current programme through into Control Period 5 is about major capacity improving projects.

But I'm talking here about the longer term future. Going forward, our world will be different. There are some tough decisions to be made on what we can afford to do and what should be left behind.

If we want to resolve today's challenges for the long term, now is the time to establish a vision for Control Periods 6 and 7 and beyond. And we need to do it in such a way that we emerge with a clear public mandate for that vision. (And, you never know, it might tell us something which informs the way we approach our delivery of Control Period 5, as well...)

It has become the norm for politicians to make these decisions for us, on behalf of the public. But how well has this worked out for us - the industry and the government?

Of course the government has a duty to engage with the public. But this does not absolve us of our responsibility as an industry to engage with our stakeholders.

We need to find out what the railway means to people in the context of their lives in the 21st century. What part the railway can play in supporting - and shaping - the life style we want in the years ahead?

A dialogue about choices

But in opening up a dialogue with the public, we need to be clear that these questions do not have easy answers. And everything comes at a price. There is no perfect world. So we do need to be clear that whatever place we might see for the railways in the future, there are bound to be hard choices involved.

I am not suggesting that engagement itself is a panacea. It is only the first step in building a more modern relationship between ourselves and the people who use and fund our services.

We have to explain our issues in an honest and transparent way. We need to learn to trust the public more to help us make the kinds of choices and trade-offs which are necessary in a resource constrained world.

Research backs up the self-evident truth that people are prepared to accept disruptions and delays to their journeys if they know that they are part of delivering better services in the future. If they feel they were part of the process that defined the choices made.

But we need still more data to understand where support wanes and what is unacceptable disruption, even in the name of progress. We need this because we need the public to support our actions, to value them and be proud of their railway.

And to begin that process we have to be prepared to elevate our dialogue with the public from the level of personal and transactional issues to the national and strategic.

The pensions challenge

I'm conscious this sounds aspirational, maybe. However, there are reasons to be optimistic that people are up for and able to engage in complex issues. What has happened on the pensions over the past five to ten years is an important example of a shift in public consciousness on a matter of major national concern.

The pensions system was out-dated, opaque and under-funded. The public and politicians were mistrustful and confused. Over time, the dialogue has shifted and people now broadly understand the core challenges. Policy makers and the industry have a new mandate to make long term choices - because they are understood to be in the context of needing to establish new solutions which will work for society as a whole and for the future.

We now have a stronger common view of why we need pensions, as individuals and as a country, and what our options are. It indicates a societal willingness to engage with complex issues and a recognition by the public that hard choices have to

be made. It highlights the potential to set a new agenda - and could inform the thinking of our industry.

Big conversations in society

An essential part of making ourselves more relevant to the society we serve is to ensure we look beyond the concerns of the industry itself and engage with what the public are concerned about.

When we look around us, every day, we see evidence of how society is concerned about the ***connectedness of our communities***, whether that's rural and urban, or North and South. Rural areas risk becoming isolated and families disconnected, even over what are relatively short distances. While simultaneously, we are trying to grapple with the challenge of increasing density in our urban centres.

How to generate ***prosperity*** and employment in the future is on everyone's mind. It's vital to find ways of bringing new sources of wealth creation and employment to local economies across the entire UK. With the heavy industries of the 19th and 20th centuries largely gone, we know we must become more productive and competitive in the knowledge-economy. So established industries and entrepreneurial businesses based all over the country are seeking to connect to new markets.

We're having to figure out ways to turn ourselves into a ***low carbon society***. From households to industry, how to reduce our dependence on fossil fuels is one of our greatest challenges. How to relieve our roads of congestion and create viable alternatives to car travel is an issue we play a key part in.

It is a spur to technological innovation and a trigger to behaviour change.

All of these are big conversations which are happening in society today. We should be leveraging the opportunity which that represents. How they develop will influence the role our railway plays in the future. At the same time, our railway can contribute to how they unfold.

Defining how we are relevant to these social and economic priorities for the UK will help shape the purpose of our railway for the future.

The closed loop

We've been engaged in a period of intense conversation of our own in the railways in the past couple of years. Yet it has been introspective, focused largely on how we organise to manage our industry. That has been necessary and important, but it has been only loosely connected to the societal conversations which are taking place in this nation right now.

Clearly we are not blind as an industry to the social challenges at large. Indeed, there are many bright minds in the industry thinking about what is possible and how we contribute. New technologies. New forms of competition. New network configurations. New ways of contributing to major national challenges.

My challenge to us as an industry is that typically we explore those within the closed loop that exists between the industry, government and the regulators. And even then often as disparate and vested interests in the industry.

I believe that as an economically and socially significant industry, the public has something to say about our ideas, and the capabilities and possibilities of the industry. And the public can help us weave them into a vision for the future.

Bringing the voices together into a strategic whole

The dialogue is relevant to all the different kinds of people who use our railway, for any number of reasons. We need to understand from these people what the railway means to them and what they will need from us in future.

That includes the man who starts every working day on the 6.07 to Peterborough. The family visiting grandparents at the weekend. The businessman who travels from Sheffield to London to seal a deal with a global company. Students exploring the countryside or tourists venturing outside the capital to visit our cultural landmarks. Or the retail or manufacturing firm figuring out how to get more of their goods off the roads at a cost the business can manage.

We know, for example, that **commuters** rely on us and spend a significant part of their working day with us as part of their daily routine. Meanwhile, commuters' fares make up a considerable part of our industry's funding and its profits — as well as supporting revenue losing services in more remote parts of the country. How do we engage in dialogue with commuters about the true value of their fares? And how do they see the pattern of their working lives changing in the future?

We should also be talking to the **knowledge-based businesses** who are so vital to our future prosperity - and who use our long distance services to bring their ideas to a national and global

market place. How do our actions facilitate or hinder the growth of their businesses? How strong is the pull to London and should it be countered? How can rail combat economic isolation - and what steps are needed, at what price, to successfully open up new economic centres outside London?

A third group which matters to us are the large ***national and international businesses*** which use our network to transport their people and products on our passenger and freight services. Are we pushing at the right issues in what we deliver for them, or are we missing vital insights that could make our railway more valuable to these customers who are so essential to local and national economies? How can rail provide UK firms with a platform for global commerce?

A lot is said about the power of rail to drive economies, but its power to connect communities is similarly important. So there's another group of individuals who rely on the railway in largely ***non-urban areas***. Bringing a new rail line or sustaining a service to some of the more remote parts of the UK allows communities to thrive and families to stay connected.

These services may never turn a profit but the views of the people they support are vital to understanding the importance of the wider social role the railways play. Are there reasons to support revenue losing services - and what would be the real cost of abandoning them?

We should also properly understand the value of ***freight*** to the country - and the value of the railway to freight companies. Too little has been done for this sector. With no clear block of votes, the freight side of our industry goes largely unnoticed by politicians, policy makers and, indeed, the public. Yet, from

microchips to food, freight companies are vital to the way our economy and society functions.

We know the paradigm of the freight industry today and the challenge of using rail for many of the short journeys inside the UK. But in the context of the drive to find new approaches to low carbon travel, how might - or should - the context change in the future? What sort of contribution should rail play in supporting our carbon reduction targets? And have we got a role to play in facilitating a significant behavioural shift to a more sustainable society?

Finally, as I have said, we have a responsibility to reach out to **taxpayers**. Alongside those six million who regularly use our services today are the other almost sixty million who rarely use the railway. Research tells us they are more likely – very much more likely - to hold negative perceptions about us than people who actual use us.

And recent polling by Network Rail shows that almost three quarters of the public never use the railways for business and a third never use the railways for leisure. And yet every tax payer funds our services. So their support for us matters a great deal. I would go further: without their support how can we ever successfully make the case of major public investment in rail infrastructure. So we need to engage with them as well, to understand how they see the railway in the life of the nation.

I would agree with those who say that we know a lot already about each of those groups of people and their specific priorities and concerns at a transactional day-to-day level. But I would also argue that a vital element missing from our debate today is how we draw all these threads together into a joined-

up conversation and explore them as part of the same strategic whole.

The benefits

I feel strongly about the importance of this industry to the nation. That's why, as I map out my priorities for my final year as Chairman of Network Rail, I want to focus on re-connecting with and re-engaging with the public to enlist their support. Because the potential benefits of understanding the place of the railways in the minds of the public are compelling.

To start with, it should give us a far ***better basis on which to manage the trade-offs*** which will be required in building any future network.

More aspirationally, it could ***redefine the purpose of the railway for the future*** - in a way which carries a stronger mandate from the public and politicians. It provides a wider context for decisions made about the railways, taking us out of the confines of our sector and into the realm of strategic solutions for national infrastructure overall.

Indeed, if we want to make a case to politicians to support and fund the growth of the railways, how else are we going to go about it but to understand more fully the role the railway plays in the UK today - and could play in the future?

And, in the short term, it could fundamentally ***shift the nature of our encounters with the public*** - moving from the largely transactional interactions today to a more considered and strategic dialogue about the future of our railway and its place in our society.

I would like us to emerge from this period of profound change with not just a transformation in the way that we do business and the service that we provide, but also in the public perception of our industry and the narrative that surrounds our industry.

I truly believe that only then can we hope for our railway to be seen once again as the Nation's railway.

The Nation's railway

And so, in conclusion, I have a request: a request to all here today but most especially the newly formed Railway Delivery Group, the lynchpin of reform. I ask you to work with me to construct and deliver a programme of real engagement with the public. A programme that can inform our long term vision for our railway.

I want to urge us to imagine a world where we are launching new major infrastructure projects with a much clearer vision of the purpose of the railway in our society, a clearer mandate from the public and a greater understanding of the trade-offs involved in delivering what's required.

Imagine what might be possible if politicians, on the back of this renewed mandate from the public for rail, spoke enthusiastically about the engineering prowess, logistical expertise and the service excellence involved in running the Nation's railway.

Imagine what might be possible if the public once again regarded the railways as the Nation's railway - with a sense of pride and purpose.

Challenging though that is as a goal, I believe that's what, together, we should be aiming for.

End