



# THE SUNDAY TIMES

## Britain's train set needs fixing. Does Labour have the answers?

The private sector faces being booted from running trains as Sir Keir Starmer's party plots to axe Network Rail and push 'digital tickets'

Oliver Gill

29 Jun 2024 23:01:00

There is a sense of foreboding for rail passengers like Beatrix Higginson as they stand on the packed concourse of Manchester Victoria station.

The 18-year-old student relies on trains to get to college, dance lessons and work. Like many rail users, she says that delays and cancellations are just part of life. "On one occasion, I was stranded in Rochdale. I had to call my mum to come and pick me up," she said.

Higginson's travails will come as little surprise to passengers up and down the country. Cancellations are rife, reliability is poor and ticket prices are going through the roof.

Failing a dramatic turnaround for the Tories at the general election on July 4, Britain's railways are about to become Labour's problem. And the person expected to be the party's self-styled "passenger-in-chief" (Labour-ese for transport secretary) is Louise Haigh.

"Delays and cancellations are at record levels on the rail network, while waste, inefficiency and fragmentation continue to cost taxpayers dearly," Haigh said. "Britain deserves better."

And she has turned her guns on Network Rail, the state-backed owner of tracks and infrastructure, vowing to abolish the quango and sweep aside its culture, which she says has held the rail sector back.

But exactly what has gone wrong? And what, if anything, can Labour do about it?

Almost one in every 25 (3.8 per cent) trains in the UK were cancelled in the year to March, compared with one in 50 (1.9 per cent) a decade ago, according to analysis of figures by regulator the Office of Rail and Road (ORR). Meanwhile, only two thirds of trains arrive on time, even though there are 10 per cent fewer services compared with before the pandemic.

Yet despite this, passengers are paying through the nose. Fares rose by 4.9 per cent this year and 5.9 per cent in 2023, the biggest increase since 2012.

Taxpayers are footing the bill, too. The government has forked out £145 billion since April 2013, including infrastructure spending and Covid support. That is more than in the previous three decades. Some £125 billion was spent between 1985 and 2013, ORR figures show.

"The Conservatives have accepted there is huge waste on the current rail network but have dithered and delayed for years, refusing to bring forward reforms to address this," said Haigh. Labour reckons its plans will generate savings of up to £2.2 billion a year.

Labour's plan

Under Sir Keir Starmer, Labour has thrown its weight behind nationalisation. It is populist stuff. Some 69 per cent of the population either strongly support or tend to support train operating companies being brought back into public ownership, according to a YouGov poll in April.

But even within Labour, some doubt whether nationalisation is a silver bullet.

“The railway is already state-controlled and effectively nationalised already. So what’s the point of doing anything else?” said Labour peer Lord Tony Berkeley.

Since March 2020, the train companies’ financial model has been turned on its head. When the railway was first privatised, companies bid for the right to run services and collect revenues in return for a fee. This model was designed to incentivise the private sector. In one sense it worked: annual passenger numbers doubled from 800 million to 1.6 billion between the late 1990s and 2015.

Yet the wheels had started to come off before the pandemic. Industrial strife and over-bidding for contracts led to questions about the franchise model.

A review of the railways by Keith Williams, the former British Airways executive, in 2021 called for the creation of a body called Great British Railways to control both trains and track. He also proposed turning franchising on its head. Under the new model, the government would collect the fares and pay the train operators a fixed fee for doing so.

This model was temporarily introduced when Covid hit in March 2020 and made permanent in May 2021. It meant the railways had switched from being privatised to becoming an outsourced public service, like the cleaning of hospitals or operation of prisons.

“Train companies have been, in effect, renationalised and subject to a level of micromanagement by the government not even seen under British Rail,” Andy Bagnall, head of trade body Rail Partners, said in April.

No more private sector?

The difference with Haigh’s plan is that she will banish privately owned train operators altogether. Instead of outsourcing contracts, they will be brought in-house and passed over to a state operator as the agreements expire.

“From day one of a Labour government, the Department for Transport, the Operator of Last Resort — which already manages services taken into public ownership — and Network Rail will be instructed to work closely together as a ‘shadow’ Great British Railways,” said Haigh.

Senior sources within the Operator of Last Resort, a government body set up to take over failing franchises, say there have been next to no discussions about how this might work in practice.

One senior industry figure said: “Labour is blaming the private sector for everything, but the pandemic swept aside the privatised system.

“What is it that Labour’s going to change? Simply moving from a private sector company, which has got both hands and its legs trussed up behind its back, to a public sector operator holdings contract: how is that going to deliver?”

Haigh argues that Labour’s solution will address “ministerial interference on operational matters on our railways”.

Enter Great British Railways

In government, the party will push ahead with the creation of Great British Railways. Network Rail, which was previously envisaged to play a leading role in the new body’s creation, now looks set to be shunted into the sidings.

Labour wants to avoid GBR duplicating “the culture of Network Rail”. Haigh added: “Labour’s plans will deliver a culture change that ... will ensure that expert professional leaders and staff will have the freedom to determine how to best deliver on the objectives set by ministers.”

She said decision-making on the railways would be “on a whole-industry basis, rather than being driven by what is best for individual organisations”, adding: “Network Rail has had to contend with maintaining aged

infrastructure across a deeply fragmented rail system, where incentives are not properly aligned. Network Rail will be abolished.”

Lord Berkeley is sceptical. The problem is less a question of ownership and more down to “bloody bad management in the Department for Transport”.

On top of this, the next government “needs to grasp the rail fares and they need to grasp the unions too”, he said.

### Fare reform

Labour wants to simplify a fiendishly complicated system that has led to 55 million different fare types. Haigh’s answer is, in part, to force passengers to switch to digital tickets. Doing so will raise fresh questions about the future of station ticket offices. About 1,000 of these were due to be axed until ministers reversed their decision last autumn amid a public outcry.

Nevertheless, successive governments have failed to tackle fare reform. One former transport minister points out the complexity. An extension of pay-as-you-go ticketing to replace standard fares across 52 stations in the southeast is running 12 months late. Finding technology that can cope with the 233,000 ticket types involved has proved extremely difficult, the former minister explains.

Perhaps more importantly, they add, there will be winners and losers in fare reform. Some people’s fares will increase, others will decrease.

### Tackling the unions

Almost as emotive as fares are people’s opinion of the trade unions. The UK endured its worst campaign of rail industrial action for a generation in 2022 in a row over pay and changes to working conditions.

The spat shot Mick Lynch, general secretary of the Rail, Maritime and Transport workers’ union (RMT), to prominence.

The RMT has not always seen eye-to-eye with the Labour Party but its plans for the railways are greeted with cautious optimism by Lynch.

“There will be a ‘Fat Controller’ or whatever you want to call it under the GBR label,” he said. “And we think that will take away a lot of the inefficiencies.”

One of Haigh’s more eye-catching pledges is for “a resource-led, viable timetable”, rather than a “passenger-led” effort, leading some to conclude that the provision of rail services will be based on when trade unions allow their staff to work.

Lynch refuses to be drawn on this. “You’re trying to spin an interpretation,” he said. “If I’m honest, I would have to wait and see what that means,” he said.

### Rolling stock costs

Lynch’s main concern about Haigh’s plans is that they leave one of the sector’s biggest costs in the private sector: the leasing companies. Specialist rolling stock companies, or Roscos, were created during privatisation and are now owned by a collection of private equity, infrastructure and pension funds. Their job is to finance the purchase and maintenance of trains. Their costs are significant: roughly a third of an average ticket goes to paying them.

“Labour is not dealing with the rolling stock leasing companies who are taking considerable amounts of money out of the industry,” said Lynch.

And their costs are on the rise. Recently published industry figures show that whereas total staff costs increased by 3.1 per cent between 2017 and 2023 to £3.7 billion; Rosco costs rose 38 per cent over the same period to £3.1 billion as they bought new trains.

Like many of Labour’s plans, the devil will be in the detail — detail it is unwilling to disclose before the election for fear of putting a target on its back.

Sara Gilmore, a partner at law firm Addleshaw Goddard, is among the millions of beleaguered commuters who want to know more. She travels from Leeds to Manchester three days a week. Such is the unreliability of

her trains that Gilmore no longer agrees to meetings before 10am.

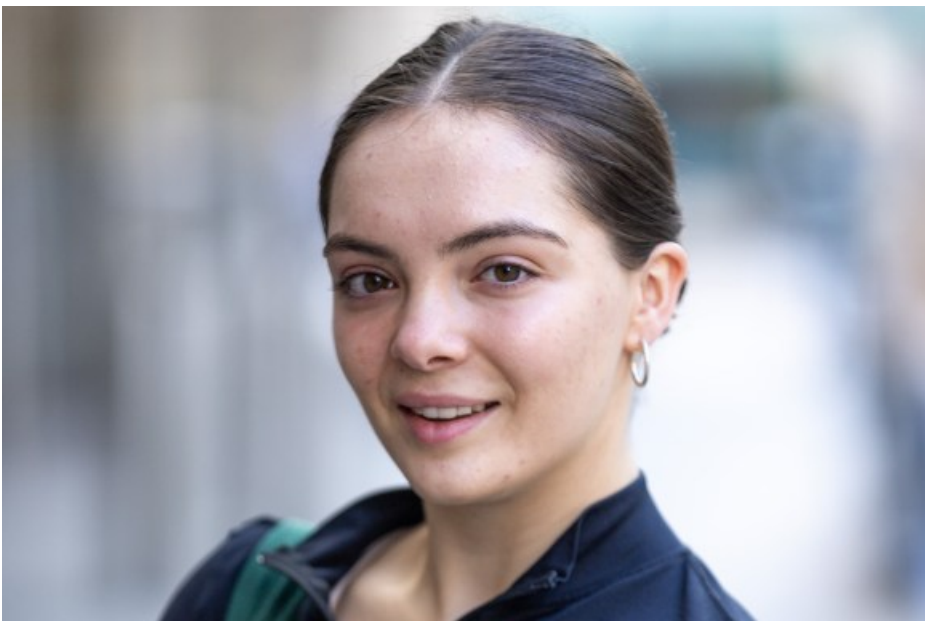
Do Labour's plans fill her with hope? "A change could bring about some improvements, but there have been promises for a long time," Gilmore said. "People just have very low expectations, really."

#### Related Images



Sir Keir Starmer, his shadow chancellor Rachel Reeves and his shadow transport secretary Louise Haigh will be looking to reform fares and tackle the unions

ILLUSTRATION by Tony Bell



Beatrix Higginson, 18, a commuter at Manchester Victoria, says that delays and cancellations are just part of life

JAMES SPEAKMAN FOR THE SUNDAY TIMES



**Sir Keir Starmer and Louise Haigh visit Hitachi's train assembly plant. Two thirds of voters favour renationalising the railways, polls show**

Getty

---

**Publisher:** News UK & Ireland Ltd

**Published Date:** 29 Jun 2024 23:01:00

**Article Id:** 103753251 **Version:** 1

**Word Count:** 1667

**Character Count:** 8010

---



Reproduced by NLA media access with permission from the Publisher. May not be copied or otherwise reproduced without express permission.