



Policy Briefing

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The Future of Rail: RMT's submission to the Great British Railways Transition Team's 'Whole Industry Strategic Plan'

Introduction

As part of the supposed transition to a restructured railway titled 'Great British Railways', the GBR transition team held a consultation on what it called a 'Whole Industry Strategic Plan' for the future of the railway. This is an edited version of RMT's response and it sets out and argued for our vision for the future of the railway, including, crucially, why that must be in integrated public ownership.

Long-term trends and uncertainties shaping the need for rail

RMT would identify a series of longer-term trends that will shape the future of the rail system.

- The UK's population is projected to grow by 2.1 million by 2030, with England's population growing more rapidly than other parts of the UK. This increase will be accounted for by net migration rather than births, so the trend toward an ageing population will continue. The number of people aged 85 years and over is projected to double to £3.1 million by 2045. It will be more important than ever that rail is accessible to less mobile people and affordable to pensioners.¹
- The trend toward urbanisation will continue, though probably at a slower rate than in previous years, with higher projected rates of population growth in large urban centres like London, Bristol, Manchester and the West Midlands city region. Population projections from 2015 to 2025 show city regions have a percentage growth rate of 7.6% compared to the UK growth rate of 6.7%. Greater London, Bristol, the West Midlands and Edinburgh city regions all have higher projected population growth rates than the UK.²
- Associated with urbanisation, air pollution at current levels is responsible for a significant burden of deaths, hospital admissions and exacerbation of symptoms. According to the Environmental Audit Committee, poor air quality reduces the life expectancy of everyone in the UK by an average of seven to eight months and up to 50,000 people a year may die prematurely because of it. Road transport is a major cause of this urban air pollution,

¹ See ONS projections here:

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/bulletins/nationalpopulationprojections/2020basedinterim>

² Government Office for Science, Urbanisation trends, Spring 2021:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/994570/GO-Science_Trend_Deck_-_Urbanisation_section_-_Spring_2021.pdf

accounting for 33% of emissions of nitrogen oxides in 2019 and 12% of particulate matter emissions. The need for mass mode shift in our cities is acute. Yet while the price of petrol has risen by 8.6% over the last 10 years, average rail fares have increased by 29% with regulated fares increasing by 34% over the same period.³

- As noted above, passenger number growth in the last 20 years was strongly tied to GDP growth and recomposition of labour markets, urban growth and particular kinds of jobs. This also dictated that demand focused on London. With the pursuit of fiscal conservatism and austerity policies, GDP growth has remained sluggish in the UK and Europe. The continuation of such economic policies in the short to medium term, coupled with the growing cost of living will create a barrier to the potential growth of rail and certainly to effecting any substantial mode shift. This will be particularly the case if the rail industry continues its current level of reliance on passenger fare income and continues to raise fares.
- Inequality is growing, social mobility is declining and for many parts of the UK population, poverty is growing. Income inequality in Britain has grown consistently since 1977. In addition, living standards for large sections of the population have worsened and social mobility has declined. Real wage levels have fallen by 8-10% since 2008/9, a figure that is worsened when the large self-employed population is factored in. The Resolution Foundation expects Child Poverty to rise up to 2024/5 so that by the end of this Parliament 1 in 3 children will live in poverty. The pandemic has aggravated all these trends. As one study put it, "Before the pandemic, younger generations were already facing declining absolute mobility: falling real wages, fewer opportunities, stagnant and even declining living standards, and the growing spectre of downward mobility. The serious fear now is that Covid-19 could plunge young people into a dark age of declining social mobility."⁴
- There will be further shocks to the global economy which will require government intervention and demands among economic elites for fiscal discipline. While banks have recapitalised since 2008/9, corporate debt levels are high and pressure on central banks is growing to raise interest rates as a consequence of high inflation. GDP growth remains sluggish in the UK, Europe and the USA. The danger is that in the case of further financial or debt crashes, the currently prevailing orthodoxy will lead to further calls for fiscal discipline and cuts in public spending.
- Global warming will create more extreme weather events which will place greater stress on the physical infrastructure of the railway. Sea levels are projected to continue rising, summers will become hotter and drier but extreme rainfall events and flooding will become more common. This poses a threat to rail infrastructure which requires significant investment to alter rolling stock temperature levels, increase the resilience of the rail network to flooding, landslips and high winds.⁵

³ House of Commons Environmental Audit Committee Air Quality Fifth Report of Session 2009–10 Volume I <https://publications.parliament.uk/pa/cm200910/cmselect/cmenvaud/229/229i.pdf>; <https://www.gov.uk/government/statistics/emissions-of-air-pollutants/emissions-of-air-pollutants-in-the-uk-summary#long-term-trends-in-emissions-of-air-pollutants>; Table 7180 - Average change in fares by regulated and unregulated tickets | ORR Data Portal [Weekly road fuel prices - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/weekly-road-fuel-prices)

⁴ [Household income inequality, UK - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/people-and-work/inequality-and-poverty); Poverty in the UK: statistics, House of Commons Library, By Brigid Francis-Devine 26 October 2021 <https://researchbriefings.files.parliament.uk/documents/SN07096/SN07096.pdf>; Lee Elliot Major and Stephen Machin, 'Covid-19 and social mobility' A CEP Covid-19 analysis Paper No.004 [cepcovid-19-004.pdf \(lse.ac.uk\)](https://cep.lse.ac.uk/pubs/covid19/004.pdf)

⁵ *UK Climate Projections: Headline Findings*, Met Office, July 2021 https://www.metoffice.gov.uk/binaries/content/assets/metofficegovuk/pdf/research/ukcp/ukcp18_headline_findings_v3.pdf

- Regardless of current levels of disruptions to travel patterns and global supply chains, the globally integrated nature of trade, the interaction of agri-businesses with animal agriculture and the movement of population mean that diseases like Covid-19 which originate at the human-animal-ecosystem interface will recur, posing further shocks to the transport network and disruption to normal patterns of economic behaviour and travel.⁶

What is the railway for?

The UK Government has developed five strategic objectives for the Strategic Plan over the next 30 years: meeting customers' needs, delivering financial sustainability, contributing to long-term economic growth, levelling up & connectivity, and delivering environmental sustainability.

Many of the Strategic Objectives for the Whole Industry Strategic Plan are obviously laudable and unarguable ones. Many of them also reinforce one another. For example, the objective of delivering mass mode shift toward sustainable transport, supporting economic recovery and assisting levelling up and connectivity all depend on the extent to which the rail industry can meet customers' needs.

However, RMT believes that creating equal weighting between all the objectives creates problems for the strategic plan. RMT believes that any strategic plan and the objectives that underpin it must start from a first-principle question of what and who the railways are for? What do we need the railways to do?

As we argued in our submission to the Williams Review, the debate framed by government presupposes a broad status quo in which 'customers' and 'taxpayers' want 'value for money'. Yet as the objectives themselves reveal, in reality, rail is a complex multi-stakeholder service which operates for: a highly segmented market of passengers; workers on the railway (who are in practice almost entirely omitted from public debate, except as a 'cost'); the communities that benefit from rail links; the businesses who directly depend on work and rail passengers; the indirect supply chain of businesses who depend on the rail industry; and the wider public who feel the benefits of increasing connectivity and a greater mass of people using sustainable transport. This complex body of interests is far better captured by the notion of a public interest than by attempts to factor them in to a crude model based on a customer-service commercial transaction.⁷

RMT's view is that the strategic objectives should flow from prioritising the greatest public needs at this time:

- mass modal shift toward sustainable transport and
- economic and social recovery.

If these two strategic aims were prioritised, the other objectives would flow from this. Great British Railways should have at the heart of its strategy the question, 'how can rail effect mass modal shift and play its role in economic and social recovery?'. From this would flow a series of objectives around increasing the capacity of rail and stimulating the desire to travel by rail, ensuring rail is affordable, safe and reliable, integrated and able to innovate, reaching into communities and linking up effectively with other modes of transport and so on.

In addition, we believe there is an omission in the objectives, which should be the objective of making rail travel attractive and pleasurable in its own rite. The strategic plan talks about mode shift, value for money, connectivity and reducing end to end journey times. But it fails to embed

⁶ WHO, FAO, and OIE call for stronger coordination in mitigating health threats', [WHO/Europe | Environment and health - WHO, FAO, and OIE call for stronger coordination in mitigating health threats](#)

⁷ RMT submission to the Williams Review, <https://www.rmt.org.uk/news/rmt-publications/rmt-submission-to-the-williams-review/>

the idea that travel itself can be economically productive time and pleasurable leisure time. This is important because embedding this objective would entail thought to increasing not just wi-fi access on trains but increasing capacity, redesigning rolling stock and increasing catering offers, for example.

How rail could contribute to economic growth

It is well established that infrastructure investment in general increases economic output, providing a boost to short-term demand and in the longer term by expanding the productive capacity of the economy. For example:

- Research published by the IMF in 2014 modelled the effects of debt-financed public investment in infrastructure and concluded that 'there there is a strong case for increasing public infrastructure investment'. An increase in investment spending of 1% of GDP increases the level of output by 0.4% in the same year and by 1.5% four years after that. The IMF further suggest that an increase in public investment that is debt financed would have larger output effects than an increase that is budget neutral, with both options delivering similar declines in the debt-to-GDP ratio.⁸
- Research conducted by Oxford Economics for the Rail Industry Association in 2020, on the 'footprint' of rail estimated that, in 2019, the rail sector contributed £42.9 billion to the UK economy in terms of GVA. This was associated with 710,000 (employee and self-employed) jobs, and £14.1 billion in taxation. As the £42.9 billion total footprint is 3.5 times the £12.2 billion GVA of the railway system itself, Oxford Economics estimate that for every £1 worth of work on the network itself, a further £2.50 of income is generated in associated industries, their suppliers, and firms supported by railway workers' wage-funded spending. Additional investment would create more jobs. Modelling in the Oxford Economics report suggests that every extra £100 million per annum spent by the UK Government on rail infrastructure in the early-to-mid-2020s would support an additional 1,400 jobs in the rail supply sector. These new jobs would typically be of a high-productivity, high-wage nature, in line with the finding for existing jobs in 2019. This in turn would support a further 700 jobs in the wider consumer-related economy, due to induced effects. That takes the total number of extra jobs supported, by each £100 million per annum of additional rail infrastructure investment, in the near term, to 2,100.⁹
- Research and modelling for the C40 Cities coalition found that investment in a public transport stimulus package for London alone that expanded public transport to support a 1.5C emissions trajectory as required by the Paris Agreement, could create around 40,000 direct transport jobs in the capital, plus 100,000 indirect jobs, and a total of more than 300,000 across the UK.¹⁰
- Research conducted by Transition Economics for the TUC concluded that expanding and upgrading the rail network would help deliver over 120,000 new jobs.¹¹

The case for a stimulus package directed toward rail investment that would very likely pay for itself, while reinforcing our objective of effecting mass mode shift and creating new jobs and

⁸ IMF Survey : The Time Is Right for an Infrastructure Push: Abdul Abiad, David Furceri, and Petia Topalova, September 30, 2014 -<https://www.imf.org/en/News/Articles/2015/09/28/04/53/sores093014a>

⁹ *The Economic Contribution of Rail*, Oxford Economics, September 2021, <https://www.oxfordeconomics.com/publication/open/359506>

¹⁰ *Making COP26 Count: How investing in public transport this decade can protect our jobs, our climate, our future*, C40 and ITF, November 2021 [ITF-C40-joint-report-Making-COP26-count-November-2021-EN.pdf](https://www.itf-c40.org/sites/default/files/2021-11/ITF-C40-joint-report-Making-COP26-count-November-2021-EN.pdf) (thefutureispublictransport.org)

¹¹ *Rebuilding after recession: a plan for jobs* (TUC 2021), [RebuildingAfterRecession.pdf](https://www.tuc.org.uk/rebuilding-after-recession) (tuc.org.uk)

economic activity, is overwhelming. The strictures aimed at driving cost out of the railway are counter-productive and more likely to lead to a decline, managed or otherwise, in rail use.

How rail can help challenge inequality and deliver environmental sustainability

The government's terminology of 'levelling up' reframes the problem of inequality in terms of a competition among regions to equal the proportion of funding going to London and the South-East. This is dishonest, unhelpful and misleading.

The levels of funding directed at London reflect the proportion of rail passenger traffic that moves in and out of the capital and, as the Mayor of London and others have indicated, London supports economic activity across the UK economy. Regions should not be played off against each other. But more than this, the regional framing ignores the fact that the population that is experiencing declining wage value, decreasing social mobility and increasing poverty is dispersed across the UK and there are deep wells of poverty within London and the South East. Some of the poorest populations in the UK live in London and are entirely dependent on public transport. Levelling up, if it is to mean anything, must mean tackling inequality across the UK.

RMT remains supportive of the vision of an integrated rail industry outlined in Labour's GB Rail plan, in which the voices of government, the national governing board, elected passengers' representatives, devolved transport authorities and trade unions were all embedded within the structure of the publicly owned body. This remains the best way of making rail more accountable to local communities and passengers.¹² Great British Railways could take steps in the right direction by working with trade unions to build an industry-wide negotiating and consultation forum, embedding representatives from the Devolved Transport Authorities in its structures and building new passenger forums.

RMT has argued throughout that we need a rail stimulus package to end transport austerity and begin a green transport revolution by making services services more affordable, available, accessible, and attractive to use. That means reversing the trend of recent decades where the cost of using public transport has risen above inflation, while the relative cost of using the car has fallen.

As we reduce the cost of using public transport, we must increase its availability. Too often public transport is too far from people's homes or workplaces and poorly integrated with connecting services, making it difficult for passengers to use public transport for the whole length of their journey. Large parts of the country lack easy access to the rail network, and since 2010 funding for bus services outside London has been reduced by 40%, contributing to over 3300 services being cut or altered and the loss of 14000 bus worker jobs. There needs to be a massive expansion of green, properly staffed, integrated public transport coverage, connecting regions, communities and workplaces through extending electrified rail connections and high-speed lines across the country, building hundreds of new regional lines, expanding metro connections and introducing thousands of new bus services. As Friends of the Earth states

"to attract a significant proportion of people's travel, and hence save significant carbon emissions, a world-class public transport system must extend beyond urban areas to the much larger 'travel to work areas' of suburbs, smaller towns and villages".¹³

¹² GB Rail: Labour Opposition White Paper https://labour.org.uk/wp-content/uploads/2020/03/GB_Rail_Labour_Opposition_White_Paper.pdf#:~:text=Labour%20proposes%20a%20structure%20for%20Britain%E2%80%99s%20railway%20that,of%20the%20GB%20Rail%20operations%20within%20their%20areas

¹³ Transforming public transport Regulation, spending and free buses for the under 30s Lynn Sloman and Lisa Hopkinson, Transport for Quality of Life (January 2019)

'Financial sustainability' and the case against rail cuts

The government's stated objective of achieving financial sustainability is of course unavoidable and it is inconceivable that there could ever be a strategic plan for rail that did not talk about its cost to the public purse and the passenger. We do need a sensible debate about funding. But the objective of financial sustainability, as it is framed in this document, effectively hampers and undermines the ability to deliver on the other objectives. In fact, it functions as a barely disguised proxy for austerity.

The framing of financial sustainability in terms of reducing the immediate cost of the railway network to government effectively forecloses the possibility of investment or spending that is designed to create greater efficiency and more economic activity in the future. This is effectively another round of austerity on the railways and it focuses the strategy on driving cost out of the railway in the immediate term without regard for the impact on the other objectives.

The effect of this austerity is doubled when it is combined with the stated determination to maintain private control of passenger services and rolling stock leasing. This policy fixation has the effect of throwing a protective screen around a costly, fragmented structure that supports rent-seeking parasitic interests and focusing an increasingly self-destructive cost-cutting drive on one cost alone, that of staff. This directly undermines the delivery of the other objectives in the following ways:

Private sector operation and the costs of fragmentation:

Leaving the private sector intact will perpetuate and possibly even increase fragmentation. Under the existing privatised railway, transaction costs between the scores of different private and public agents on the railway has been estimated to cost the railways £1.2 billion every year. This fragmentation, coupled with Train Operating Company insistence on running lean staffing models, led to the timetabling crisis in 2018 and the lowest ever levels of passenger satisfaction on the railways and formed one of the reasons for conducting the Williams Review which led to the creation of Great British Railways. A survey conducted by *Transport for Quality of Life* (TfQL) showed that passengers overwhelmingly support integration. 92% of passengers responding to TfQL's survey said they believed that the railway would work better if it was reunited in a single organisation. The stated aim of Great British Railways is to increase integration and reduce complexity. Yet at the same time, not only must the existing fragmentation remain but GBR is expected to encourage 'new operators with innovative ideas' to be allowed to operate individual lines and to enable multiple, smaller operators to co-exist efficiently'. As one analyst has put it, doctrinaire Treasury-think on the primacy of the private sector threatens to further fragment the operational railway.¹⁴

The cost of parasitic value extraction and the failure to invest

Further embedding the parasitic interests of private companies in passenger services and rolling stock leasing in spite of 25 years of evidence of their failure to deliver substantial investment and the leakage of profits from the network into shareholder dividends. Great British Railways is tasked with 'harnessing the potential of the private sector'. The private sector has operated the railways

¹⁴ I. Taylor, L. Sloman, *Rebuilding Rail—Final report*, *Transport for Quality of Life*, London (2012); S. McCartney, J. Stittle, 'A Very Costly Industry': The cost of Britain's privatised railway, *Critical Perspectives on Accounting*, Volume 49, 2017, Pages 1-17; *Rail Devolution with National Integration: a model for consultation*, Transport for Quality of Life, 2017, pp. 7-9; *Modern Railways*, July 2021, pp. 36-37.

now for 25 years and has quite clearly long exhausted any potential it had. It is well established that there has actually been very little investment and innovation. The British Rail industry is estimated to spend as little as 0.5% of its revenue on Research and Development, far below international comparators in Europe. Private investment in the railways is dwarfed by public investment and even that private investment that does take place is mainly rolling stock purchasing which is driven by government, underwritten by government and then paid for by government in the form of subsidies to the Train Operating Companies. In return for this, as RMT has shown, the private companies have extracted value from the railways systematically for the last 25 years.¹⁵

The destructive impact of focusing on cutting staff costs

Focusing the drive for cuts almost exclusively on sweating efficiencies from staff costs will undermine safety and passenger confidence, undermining the system's ability to respond to customer needs and impeding the objective of effecting mass mode shift.

Academic research on trends in rail use and on the determinants of modal choice stress that 'choice' is in fact heavily determined and very little to do with private sector innovation. Growing rail use in the 1990s tracked a period of GDP growth and the recomposition of labour markets in professional, white collar legal, commercial and technological sectors located in urban centres and particularly London. This is reflected in the pre-pandemic patterns of rail use in which business travel in and out of London predominate. Even before the Covid pandemic, passenger numbers were plateauing and the rate of growth slowing down with some government commissioned research suggesting that 'peak rail' might be achieved by 2040. This itself partly reflects the economic stagnation that has followed from the pursuit of fiscal conservatism and austerity policies in the UK and across Europe since the 2007/8 financial crashes. The pandemic has disrupted demand patterns further and threatens to leave a scarring effect on passenger attitudes. Research indicates that the safety of rail travel will be of increased importance. If it is to have any chance of effecting mode shift, rail must be reliable, affordable and safe. The determination to leave private interests intact, which politically focuses all discussion on costs onto staff, then leads to calls to strip jobs out of the railway and increase productivity, which in this case is understood purely as cutting the wage bill. Yet the research on passenger attitudes prior to and during the pandemic all points to the folly of such an approach.¹⁶

The asset stripping approach to maintenance adopted by Railtrack in the 1990s led directly to the deterioration of infrastructure that produced the Hatfield crash in 2000 and the chaos of the speed restrictions and emergency maintenance that followed. This caused the railways significant

¹⁵ R&D figures are estimated in Professor John Preston, *The UK passenger rail system: how and why is it changing?* Future of Mobility: Evidence Review, Foresight, Government Office for Science (December 2018), p. 13. Relative investment figures of the public and private sector are evidenced in the ORR's data and the explanation of how the public has largely funded this can be found in RMT's report 'Picking up the tab for trains: how the public is funding profiteering in railway rolling stock' (RMT, July 2020); Other calculations are from RMT's report 'The Unbearable Cost of Failure': <https://www.rmt.org.uk/news/publications/rmt-policy-briefing-the-unbearable-cost-of-failure-private/>

¹⁶ The literature on modal choice and on the links between rail use and economic growth is substantial but see, for example, Astrid De Witte, Joachim Hollevoet, Frédéric Dobruszkes, Michel Hubert, Cathy Macharis, 'Linking modal choice to motility: A comprehensive review', *Transportation Research Part A: Policy and Practice*, Volume 49, 2013, Pages 329-341, Wardman, M.R. (2006) 'Demand for rail travel and the effects of external factors.' *Transportation Research Part E: Logistics and Transportation Review*, 42 (3). pp. 129-148; Ian Williams and Kaveh Jahanshahi, *Wider Factors affecting the long-term growth in Rail Travel*, (Independent Transport Commission, November 2018, pp. 9-10; Karel Williams, Andrew Bowman, Peter Folkman, Julie Froud, Sukhdev Johal, John Law, Adam Leaver and Michael Moran (2013), '[The Great Train Robbery: the economic and political consequences of rail privatisation](#)', pp. 115-118.

reputation damage among passengers and it took the rail industry 8 years before its performance measured by punctuality and reliability returned to pre-Hatfield levels. Yet particularly since the McNulty report, there has been an obsession with a supposed efficiency problem inside Network Rail, focused mainly on maintenance staff productivity, based, as RMT pointed out at the time, on very questionable research. Driven by the government and the ORR's demand for 'efficiency' savings, Network Rail is cutting jobs, increasing workloads, reducing, and diluting standards, inspections and safety critical disciplines. This is a toxic cocktail of measures which could have disastrous consequences for safety. Network Rail is importing danger and returning to the dark days of Railtrack where cutting corners and staffing led to fatal accidents.

Similarly, the Train Operating Companies' attempts to cut ticket office, station staff and on-board staff jobs directly undermine the efforts to promote mode shift. Research conducted by the passenger watchdog *Transport Focus* published in October 2020, reveals that passengers view staff on platforms, on board trains and cleaning staff as of decisive importance:

"Staff play an important role in terms of managing behaviour at the station –well recognised as a pinch-point in terms of congestion –serving as a consistent and reassuring monitoring presence that can challenge lapses in social distancing."...

"Greater visibility of cleaning staff, as well as ticket and crowd management workers, would serve to reassure passengers. While many have heard that trains are being cleaned more extensively, few if any have seen this happen with their own eyes."

A later report reiterates this point more forcefully: "All our insight now suggests greater levels of concern about cleanliness are likely to persist well beyond the pandemic – with a cultural shift towards greater care over hygiene and health. Passengers do not want to see the standard of cleanliness slip for the foreseeable future." As *Transport Focus* conclude, 'There is a strong sense that the ideal response to the pandemic would be to see more staff on trains and at the station, rather than less'. Even before the pandemic, this direction of travel ran counter to what passengers wanted. *Transport Focus* research from 2016 into the introduction of smartcards in the South East of England reported that 'passengers expressed concern that the introduction of smartcards will mean the loss of staff and they seek reassurances that positive relationships already built with staff will be maintained.' It goes on to say that 'staff are considered the first point of reference when at the station'.

A *Transport Focus* report into passenger attitudes towards rail staff from 2016 set out a number of reasons why passengers prefer face to face contact with ticket office staff over TVMs. *Transport Focus* said that passenger concerns about the complexity of ticketing and lack of confidence in TVMs 'is reflected in passenger reactions to proposals to change ticket office opening hours at stations'. In Scotland, Scotrail is currently planning to cut ticket office hours at 117 stations. In response, a coalition of unions and passenger groups has protested at the impact this will have on passengers attempting to find the cheapest fares on a complex system and on disabled and elderly passengers.¹⁷

Stemming the flow of dividends and interest payments

As RMT said at the time of its announcement, 'Great British Railways' was in one sense a significant step forward inasmuch as it acknowledged the costs of fragmentation. But the focus on increasing efficiency by cutting staff costs is misguided and counter-productive. Pressure to do this would be relieved by Great British Railways running passenger services directly as not-for-profit

¹⁷ See RMT's report 'Rebuilding Passenger Confidence through re-staffing the post-Covid railway' June 2021, <https://www.rmt.org.uk/news/publications/rebuilding-passenger-confidence/> On Scotrail, see <https://www.rmt.org.uk/news/unions-call-on-nicola-sturgeon-to-scrap-scotrail-cuts/>

public services. There are ways in which this could be done. The government has already committed to reviewing the legislation barring the public sector from operating passenger services. Great British Railways could advocate for this in order to develop its own public sector operator. In the immediate term, the Operator of Last Resort could take over the remaining passenger franchises and work with GBR to create a more integrated system. This would create immediate savings to the railway. Based on the fees bedded into the new National Contracts, it would save more than £200 million over the next two years in guaranteed profits that can be turned into dividends, in addition to reducing transaction costs within the new system. This could be largely achieved within two years.

Over the longer term, action must be taken to deal with Network rail's unsustainable debt levels. This will require government to either write it off against public spending or convert its private debt into public debt. Such a move would significantly ease the immediate pressure on Network Rail's finances. The Rolling Stock Companies represent a third problem of dividend leakage and rising costs. Rolling stock leasing costs have risen faster than any other cost on the railways in the last five years and they account for around 27% of all Train Operating Company spending. The problems of this monopolistic, value-extracting sector of the railways are well documented. Great British Railways could recommend the creation of a rolling stock owning subsidiary of the Operator of Last Resort, based on the existing Train Fleets 2019 subsidiary company. This could buy rolling stock at depreciated prices as their leases expire, maintain them and embark on a new commissioning programme, based on strategically agreed needs in coordination with Great British Railways.

How privatisation stifles innovation on the railway

It is well established that the private sector brings limited investment to the railway. But less well understood is the way in which the continued fragmentation of the industry is a major barrier to innovation. For example:

- Private ownership of data generated by increasingly digital ticket sales impedes proper analysis and exploitation of industry passenger data, while private passenger operations prevent the implementation of smartcard technology or truly flexible ticketing.
- The fixation with removing barriers to small disruptive businesses ignores the fact that innovation and investment on the railways are largely enabled by public investment and the state.
- But further, the fragmented and privatised nature of passenger and rolling stock operations prevents the industry as a whole exploiting its greatest asset, its staff.

The industry is currently dominated by an employment model based on theories of labour efficiency imported from the New Public Management. Efficiencies are supposedly achieved through job cutting, outsourcing and the breaking up and de-skilling of jobs. Yet academic research into knowledge management in large organisations indicates that this can be destructive of both productivity and innovation. A substantial body of research shows that continuity of employment in high trust jobs compares favourably in producing innovation as against the 'flexible labour' route pursued by firms with an eye on shareholder value over the short term. As one study expresses it:

"Long-lasting working relations and strong protection against dismissal can be interpreted as an investment in trust (see also Svensson, 2011), loyalty and commitment, which favours productivity growth in four ways: (i) it reduces costs of monitoring and control—e.g. Naastepad and Storm (2006, pp. 170–91) demonstrated that firms in low-trust 'Anglo-Saxon' countries typically have much thicker management bureaucracies for monitoring

and control compared with 'Rhineland' countries; (ii) the greater loyalty of personnel reduces positive externalities, i.e. the leakage of trade secrets to competitors; (iii) more continuity of personnel favours long-run historical accumulation of (tacit) knowledge in a 'routinised' innovation model and (iv) better protection against firing will favour critical feedback for bosses from the shop floor. Powerful managers have a tendency to surround themselves by people who hardly contradict them. If this is enhanced by a change of power relations due to easier firing, it can favour conformist attitudes and autocratic management practices. "...continuous accumulation of (often tacit) knowledge is important in creating optimal conditions for innovation...The historically cumulative nature of knowledge produces path dependencies which give incentives to firms employing protected insiders with long job tenures".¹⁸

The rail industry has already endured one significant haemorrhaging of tacit knowledge on privatisation in 1993. As one study put it, 'draconian job cuts were imposed on all levels of workers within the industry. These workers frequently possessed skills and tacit knowledge of the industry, which were consequently lost when they were sacked.' This had a devastating effect on the knowledge base of the railways, as another academic wrote in 2004:

"...one of the most devastating consequences of the privatisation process was the fragmentation and loss of industry knowledge. Running a railway – making decisions about investment, timetabling, safety, workforce deployment – requires an intimate acquaintance with changing infrastructure conditions, technological possibilities and service requirements throughout the network, that in the case of British Rail was held collectively by its workforce and managers and brought to bear upon decision-making through systems of cooperation and communication at all levels of the industry. This organisational knowledge base, never wholly centralised and much of it effectively tacit, was dissipated with the breakup of the industry. Many highly skilled engineers who knew things about the railway network that no one else did lost their jobs; some hired that knowledge back to the industry as private consultants. Habits of information sharing and freely given advice were interrupted by the requirements of commercial confidentiality. Hard-won accumulations of local and specialised knowledge were lost in the shift to an increasingly casualised and individualized workforce."¹⁹

The continued fragmentation, cost-cutting imperatives and profit motivation at the heart of the rail industry and the search for greater 'flexibility' and the adversarial employment relations that come with it act as barriers to innovation on the railway by preventing the rail industry from using its greatest asset – its staff. The imminent threat to thousands of jobs on the railways now, both in infrastructure maintenance and passenger services, threatens another episode of industrial self-harm.

The potential gains of reintegrating the workforce were shown when in 2003, Network Rail brought its maintenance work back in-house and its Chief Executive Ian Coucher noted the almost immediate improvement not just in costs but in the quality of the work done: "It's just so much easier. They are co-located, they talk together, they plan together, they share problems together, they fix problems together, and they just get on and do it." These benefits help to explain why a

¹⁸ Alfred Kleinknecht, Flore N. van Schaik, Haibo Zhou, Is flexible labour good for innovation? Evidence from firm-level data, *Cambridge Journal of Economics*, Volume 38, Issue 5, September 2014, Pages 1207–1219, <https://doi.org/10.1093/cje/bet077>; ; Kleinknecht, Alfred & Naastepad, C.W.M. & Storm, S & Vergeer, R. (2013), 'Labour market rigidities can be useful: A Schumpeterian view' *Financial Crisis, Labour Markets and Institutions*. 175-191; Jeremy Howells, 'Tacit Knowledge, Innovation and Technology Transfer', 1996; Michie, Jonathan & Sheehan, Maura. (2003). *Labour market deregulation, 'flexibility' and innovation*. *Cambridge Journal of Economics*. 27.

¹⁹ Bart Cole, Christine Cooper, Deskilling in the 21st century: The case of rail privatisation, *Critical Perspectives on Accounting*, Volume 17, Issue 5, 2006, Pages 601-625; Jean Shaoul, *Renaissance delayed? New Labour and the Railways* (Catalyst, 2004), p. 19.

staggering 91% of railway workers responding to an RMT survey in 2019 said they believed that the railway would work better as a national single unified organisation, rather than as separate companies.²⁰

Within a single, integrated, publicly owned railway that viewed staff as an asset, such as that drawn up in the Labour Party's *GB Rail* document, it would be possible to start to rebuild that knowledge and skills base. Drawing on the experience of people who run the railways could mobilise their skills and experience in coordinating and constantly improving operations.

Great British Railways is not established on that basis yet it could take action to improve the integration of staffing and counter the damaging effects of current workforce fragmentation and dominant HR models. The discussions that took place across the industry through the Rail Industry Recovery Group during the pandemic indicate some of the potential of such sectoral coordination. Some basic standards and agreements were reached across the industry. Great British Railways should work to facilitate an industry-wide agreement to embed rail industry career paths and a redeployment scheme. This would enable improved retention of accumulated knowledge and experience and its continued accumulation and use for innovation across Great British Railways.

How can rail be integrated better with other modes of transport?

It is assumed, rightly, that it would be desirable to create an integrated multi-modal transport system. In this case, the main responsibility lies with government to create the necessary institutions and fund the infrastructural developments that can facilitate this. In this consultation, the issue is framed as though it is one for GBR alone, which is unhelpful to say the least. However, there are some steps that GBR can take in the right direction. One of the great strengths of Labour's GB Rail proposals was the way in which devolved transport authorities were embedded in its governance. This would have made it easier to develop multi-modal transport in metropolitan centres and towns, connecting with bus networks and integrating with the development of active transport in city centres. GBR must seek to create the same close working with devolved transport authorities to create some greater multi-modal integration. It could also take steps to ensure that future rolling stock commissioning includes building new capacity to make it possible to carry more cycles.

How will passenger expectations evolve in the next 15 years and how should rail respond?

As we noted above, we have an overriding environmental need to increase rail use and drive up its mode share and doing so will provide significant economic and social benefits. Yet this is a challenging objective. If it is to have any chance of effecting mode shift, rail must be affordable, reliable and safe.

Academic research on trends in rail use and on the determinants of modal choice stress that 'choice' is in fact heavily determined and has relatively little to do with the kind of innovations that the private train operating companies like to boast of. As some academics have argued, in reality, passengers don't want to think too much about travel. Growing rail use in the 1990s tracked a period of GDP growth and the recomposition of labour markets in professional, white collar legal, commercial and technological sectors located in urban centres and particularly London. This is reflected in the pre-pandemic patterns of rail use in which business travel in and out of London predominate. Even before the Covid pandemic, passenger numbers were plateauing and the rate of growth slowing down with some government commissioned research suggesting that 'peak rail' might be achieved by 2040. This itself partly reflects the economic stagnation that has followed

²⁰ <https://www.railwaygazette.com/news/uk-brings-infrastructure-maintenance-back-in-house/28571.article>; <https://www.rmt.org.uk/news/rmt-publications/rmt-submission-to-the-williams-review/>

from the pursuit of fiscal conservatism and austerity policies in the UK and across Europe since the 2007/8 financial crashes.²¹

With Britain's sluggish economy, growing inequality, declining social mobility and the deep wells of poverty in the population and simultaneously rail fares continuing to rise, the very real danger is that rail is placed even further out of reach of sections of the population, even as parts of its previous core market are lost through the changes in working patterns. Put simply, if rail is going to lose some business commuters permanently, it needs to work even harder to attract more passengers for leisure, connectivity and work beyond the commercial, legal and technological bedrock of its growth in the 1990s.

But like the Hatfield crash in 2000, the pandemic has disrupted demand patterns and threatens to leave a scarring effect on passenger attitudes. Research indicates that even if it can tackle its affordability problem, the safety, cleanliness and orderliness of rail travel will be of increased importance. As *Transport Focus* have concluded, passengers want more staff in stations and on trains: 'There is a strong sense that the ideal response to the pandemic would be to see more staff on trains and at the station, rather than less'.^[2]

The best ways of meeting this challenge are:

1. Immediate radical action to make fares more affordable and more flexible, bringing rail travel within the range of new populations. This means more concessions for young people and pensioners and it means the introduction of new flexible tickets. The passenger demand for flexible tickets has been established by the ORR and others and RMT has illustrated how new flexible tickets could be used to reduce the costs to commuters and other regular rail users.²²
2. Immediate action to maintain capacity by reversing cuts to service frequencies. Longer term action to increase capacity through investment in platform lengthening to support longer trains to ensure that customers can always get a seat.
3. Measures to support a safer, more accessible and more pleasurable travel experience by re-staffing the railways. This should include increasing the number of cleaners working on the railways, bringing them into direct employment to remove the commercial imperative to cut their jobs and pay that flows from outsourcing; placing as a minimum one guard on every train to assist with accessibility and provide passengers with on board support, increasing the on-board catering offer and re-staffing stations.

²¹ Astrid De Witte, Joachim Hollevoet, Frédéric Dobruszkes, Michel Hubert, Cathy Macharis, 'Linking modal choice to motility: A comprehensive review', *Transportation Research Part A: Policy and Practice*, Volume 49, 2013, Pages 329-341, Wardman, M.R. (2006) 'Demand for rail travel and the effects of external factors.' *Transportation Research Part E: Logistics and Transportation Review*, 42 (3). pp. 129-148; Ian Williams and Kaveh Jahanshahi, *Wider Factors affecting the long-term growth in Rail Travel*, (Independent Transport Commission, November 2018, pp. 9-10; Karel Williams, Andrew Bowman, Peter Folkman, Julie Froud, Sukhdev Johal, John Law, Adam Leaver and Michael Moran (2013), '[The Great Train Robbery: the economic and political consequences of rail privatisation](#)', pp. 115-118; John Preston, *The UK passenger rail system: how and why is it changing?* Future of Mobility: Evidence Review, Foresight, Government Office for Science (December 2018).

²² Rail Ticket Retailing – A Passenger perspective'- April 2015 - https://orr.gov.uk/_data/assets/pdf_file/0007/18187/Rail-ticket-retailing-passenger-perspectivereport170615.pdf; Flex Appeal: The need for flexible ticketing on our railways, 14 August 2021; <https://www.rmt.org.uk/news/publications/flex-appeal-the-need-for-flexible-ticketing-on-our-railways-rmt/?preview=true>

The case for re-staffing our railways:

Staff are going to be central to rebuilding passenger confidence in rail travel. Research conducted by *Transport Focus*, based on interviews with a user community and published in October this year, reveals that passengers view staff on platforms, on board trains and cleaning staff as of decisive importance: "Staff play an important role in terms of managing behaviour at the station – well recognised as a pinch-point in terms of congestion – serving as a consistent and reassuring monitoring presence that can challenge lapses in social distancing.. Passengers value 'seeing staff directing passengers to keep a one-directional flow of traffic – they recognise that this is a crucial aspect of social distancing and ensures a safe and smooth journey". Passengers view the train itself as 'the most worrying part of the journey' and the role of staff in enforcing social distancing where possible and face coverings in all instances is seen to be vital. "Greater visibility of cleaning staff, as well as ticket and crowd management workers, would serve to reassure passengers. While many have heard that trains are being cleaned more extensively, few if any have seen this happen with their own eyes." A later report reiterates this point more forcefully: "All our insight now suggests greater levels of concern about cleanliness are likely to persist well beyond the pandemic – with a cultural shift towards greater care over hygiene and health. Passengers do not want to see the standard of cleanliness slip for the foreseeable future." As *Transport Focus* conclude, 'There is a strong sense that the ideal response to the pandemic would be to see more staff on trains and at the station, rather than less'.²³

RMT has long argued that staffing levels have lagged behind the needs of passengers. In the years before the Covid crisis, this led to issues of safety connected with overcrowding and lack of accessibility. For too long, the privatised railway has been run on the assumption that staff represent a cost to be cut. As a result of this model, before the pandemic broke, the industry saw years of cutting staff from stations. Across the UK's rail network, just 11% of stations are staffed from first to last train, while a further 45% are only partially staffed, which often means for just a few hours during the commuting peak and the rest are totally unstaffed. Increasingly, station grades are under attack by Government and train companies, seeking to maximise revenue. Jobs are being cut, staff are being deskilled and there is an increase in agency working at rail stations. When platforms were increasingly crowded, this increased the risk of accidents. Platforms are the second most common location for passenger injuries by slips, trips and falls, while there has been a general trend toward rising numbers of injuries at the Platform Train Interface.²⁴

In addition, government and train operating companies attempted to remove Guards from trains or bring in Driver Controlled Operation (DCO), which enables operators to run trains without Guards. This has led to many disputes but has also enabled around a third of services to run without a guard through unstaffed stations. This was described as a 'toxic combination' for disabled people wishing to use the railways by the Disabled People's Transport Advisory Committee. Similarly, in 2019, the Equalities and Human Rights Commission wrote to the Transport Select Committee, saying that it was concerned about the 'impact of ongoing transport policies', and 'in particular the move to driver only operated (DOO) trains, as well as reductions in staffed stations'. The Commission said that it believed 'the shift to DOO trains, with the increased likelihood of there being no second member of staff on board to assist passengers, and a decrease in staffed stations could represent a diminution of protection for disabled people, and potentially a breach of the Equality Act 2010'. Even a report by the transport consultancy Steer, commissioned by the Government and the RDG found that when a second member of staff is absent but the train runs anyway, 'the train will run under driver only operation conditions. This removes support for assistance on-train and at un-staffed locations.' When the researchers asked disabled people what

²³ Public transport: a cleaner future? *Transport Focus*, May 2021; Passenger quoted in <https://www.transportfocus.org.uk/research-publications/publications/transport-user-community-role-of-staff-in-passengers-feeling-safe/>, pp. 5-7.

²⁴ RSSB: Annual Health and Safety Report - <https://www.rssb.co.uk/en/safety-and-health/monitoring-safety/safety-performance-reports>

they considered were the biggest improvements that could be made to the accessibility of the railways, disabled passengers of all categories overwhelmingly identified providing more staff at stations and providing more staff on trains.²⁵

Cleaning is currently overwhelmingly outsourced on the railways. As RMT showed recently, this has led to persistent understaffing of cleaning contracts and the use of poverty pay and poor employment conditions as cleaning companies seek to win contracts by bidding low and then cut costs to make profits. Cleaning quality and decent employment have been sacrificed to the pursuit of the bottom line. Train Operating Companies have little idea how many cleaners work on their contracts and have (and want) no control over cleaning complements. Staff overwhelmingly believe that they could provide a better service if they were brought in house and the public agree. 55% of respondents to a poll conducted by Opinium in June 2019 said they thought it would be better for passengers if train companies provided all services, for instance cleaning and catering, directly themselves or subcontracted them to a third-party company. Cleaners have been brought in house on Scotland's trains and in Wales. They should be brought in-house by Train Operating Companies in the immediate term.²⁶

Attempts to make travel attractive again will be undermined if the industry cuts catering jobs. Yet this is exactly what rail workers believe is going to happen. A survey published by RMT recently showed that 85% of rail caterers think that the Government and train companies will look to cut catering services and jobs in the future and 90% think that cuts to rail catering will make it more difficult for passengers to get food and drink during journeys. 90% of rail catering workers said that they believed the cuts were likely because the train companies were putting profit before passengers, a problem exacerbated by the outsourcing of rail catering services. Over 90% think that all rail catering should be provided in-house rather than outsourced.²⁷

How can we effectively monitor customer satisfaction among passengers?

The primary way in which passenger satisfaction is monitored is through the National Rail Passenger Survey. The RMT believes that a key limitation in the current methodology is the basis of the survey around the journey the passenger has just completed. By focusing on one journey, the survey does not gather a holistic view of passengers' experience of travelling across the rail network. This is particularly pertinent for regular users, such as commuters.

The results gathered by this snapshot approach are dependent on the service at the particular time when the surveys are handed out at stations. For instance, a passenger could likely have different views about a journey on one day, in which they experienced no issues, compared to the next day, and so on.

It would be more effective and representative to ask passengers to provide their views of using the service across an extended period of time, for instance the last 3 or 6 months. This would then allow regular users to comment on their experience across the network, and less regular users could still comment based on their last journey, if for example, this were the only one they had taken in the time period specified. As the survey is currently undertaken twice a year (and the RMT would not agree with a reduction in frequency), then it follows that such a change in method would allow for a more accurate picture of rail passengers' experiences across the year to be

²⁵ Equalities and Human Rights Commission letter to Lilian Greenwood MP, Chair of the Transport Committee, 5 February 2019; *Effects of modes of train operations on passengers with disabilities*, Steer Group, September 2019, pp, 6-7 and 22-23.

²⁶ Cleaning up the railways: Why a safe railway must mean the end of outsourced cleaning, RMT, June 2021 <https://www.rmt.org.uk/news/cleaning-up-the-railways/> ; Opinion poll carried out for RMT by Opinium, June 2019.

²⁷ <https://www.rmt.org.uk/news/rmt-catering-survey/>

developed.

Another limitation with the current methodology is that it has led to the majority of the responses coming from passengers journeying during the off-peak period. In the most recent NRPS, 80% of respondents' journeys were off peak, and 20% were peak. A similar split between peak and off-peak were reported in previous surveys. However, these proportions of peak and off-peak travel are not representative of rail passengers in general. While Transport Focus can't control which passengers complete and return their survey, the large disparity between peak and off-peak respondents suggests that a larger number of surveys are handed out during off-peak hours. This could in turn skew the results, as off peak users generally pay lower fares, have access to advance discount fares, and travel at less busy times. The RMT believes that it would be beneficial for the survey to gather a more representative analysis of travellers during the peak and off-peak periods. This should be easy to achieve, by surveying more passengers during peak periods.

RMT has proposed a series of simple reforms to the National Rail Passenger Survey through the consultation that took place in June 2019. These include amending the questions to focus on general experience rather than specific journeys; including questions on catering offers; amending questions around staffing levels in stations and on board trains.²⁸

This refined research into passenger evidence should be combined with ongoing research into non-passenger attitudes to travel. It is important to understand why people are not using public transport if we are to win people back to the railways and win new customers and effect modal shift. This could involve amplifying the Transport Focus research into attitudes to travel during the pandemic among non-users of public transport.

The importance of integrating freight into the future of rail

Rail freight has played a key role in the Covid-19 crisis keeping supply chains moving and ensuring vital medical supplies and food continue to be readily available. Workers in the rail freight sector have rightly been designated as 'key workers' but like many industries impacted by Covid-19 the future of the rail freight sector in the UK is uncertain. As part of the UK's efforts to decarbonise our economy RMT strongly believes that we need maximum modal shift from the freight carried on roads by HGVs, which creates major safety, social and environmental impacts, to rail freight which has proven environmental and economic benefits. Rail freight is vital in the fight against climate change and produces 76% less carbon dioxide and up to fifteen times less nitrogen oxide emissions and 90% less small particulate matter than the equivalent road journey. Rail freight carries goods worth more than £30 billion a year, and generates more than £1.7 billion in annual economic benefits to the UK economy so it's vital that this sector has a bright future.

Transport produced 27% of the UK's total emissions in 2019. Of this, the majority (91%) came from road transport vehicles (111 MtCO₂e). The biggest contributors to this were cars and taxis, which made up 61% of the emissions from road transport (68 MtCO₂e), followed by Heavy Goods Vehicles (HGVs) (18% of road transport emissions, 19.5 MtCO₂e) and vans (17% of emissions, 19 MtCO₂e). Transport became the largest emitting sector in 2016 after large decreases in energy emissions as the UK switched away from coal power and towards gas, while transport emissions have remained relatively static. Without major infrastructure investment to create the mode-shift of freight needed from road to rail the UK will fail in its legally binding commitments to cut carbon emissions over the next 5, 10 and 30 years.

We need a new era of the transportation of goods by electrified rail, which sees the opening of more freight lines and development of intermodal interchanges. Rail freight holds such economic

²⁸ RMT response to the Office for Statistics Regulation assessment of the National Rail Passenger Survey, June 2019.

and environmental importance that RMT strongly believes Great British Railways should absorb freight closely into its structures in order to more closely coordinate not just pathway access but to build the case for investing in proper intermodal freight exchanges that would enable Britain to build a proper multi-modal freight system centred on rail and enabling a decisive shift away from road haulage.