

Delivering for Passengers

RDG Annual Conference

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Good afternoon everybody.

It is true that our railway is an extraordinary success. It is the fastest growing railway in Europe. It is the safety railway in Europe. We are investing more in our railway than anybody else in Europe.

These are things we are right to be proud of but we cannot just sit there and continue that narrative and hope that everything else is going to go away because the reality today, more so than ever before, is that passengers are not happy with the performance of the service that we collectively give them.

Over the last few years we have started to see performance decline and together we have to come together to give a different quality of experience to passengers, a better quality of service, if we are to meet their needs going forward.

The opportunity that faces us is a fantastic opportunity. How many other industries can see the possibility to grow by doubling their business in the next 20 years or so as we can see in the rail sector. It is a fantastic opportunity but bluntly we have to step up and change the way we operate if we are going to continue to attract passengers and meet those demands.

You see today I would argue that the economic arteries of our country, which is our railway system, is kind of blocked up in too many places. We need to come in and do a bit of a stent job. It's not open heart surgery – we don't need the heart replaced - but we do need to put in some stents. We do need to unlock the capacity we have got and we need to think different in the way we use that capacity.

I think if we are going to tackle the issue of rising capacity, and we are going to tackle the issue of performance, today more than ever we need to think of our railway as an integrated system.

We need to address this as a system, not optimising our own part of the puzzle but actually thinking of this as a system and how the system overall best service the needs of passengers or freight users.

We don't have to go very far to see recent examples where that failure to think about our network as a system has led to some of the really serious problems that we have today and that are regularly affecting passengers.

Now the Gibb advice to the Secretary of State has not yet been published and I have not seen it so I am speculating truly speculating, but I am pretty sure that it will be have something to say about train operators, Network Rail and about DfT and about different parts of the railway needing to join up to deliver a better outcome for passengers.

I suspect that it is an imperfect way of working at the moment and we have to come together differently to deliver the capacity and performance that passenger's need.

You don't need to go further than the NAO report into the Great Western electrification or Great Western modification project to see the greater need for integrated system thinking about the way we want to enhance the capacity in our railway going forward. The lessons

there are painful, and we are living with them every day because they are not getting the benefits that they hoped they were going to get when they thought they were going to get them.

So as we think about our railways as a system the role of the system operator will become increasingly, and critically important.

I do agree with the Secretary of State in his aspirations to have track and train thinking together as one, with aligned incentives aimed at delivering the best passenger experience. That is at the heart of why I strongly believe in devolution within Network Rail.

I want local business leaders to be thinking how about they can deliver the best possible service for their customers - the train operating companies and freight companies - and ultimately for passengers.

My Route Managing Directors and the MD's of the train operating companies are working together like never before. They are pulling together with better aligned objectives as a result of the customer scorecards we have devised together. Collectively they are focused on what passengers want so that they can deliver a better outcome. It honestly does feel very different to a couple of years ago, but we still have a long way to go.

I think creating supervisory boards with the independent view the voice of passengers through transport focus that actually brings the two parts of the railway together, holding us as an industry to account, is a critical part of this.

The structural misalignment of objectives does need addressing but it is not really necessary what drives the behaviour of our people in our organisation.

Firstly it is a fierce determination and duty to do the right thing for passengers. We have great people in our industry from the ballast to the booking office to the Boardroom. We have great people right through the railway.

We need to put our arms around these people and lead them into the future and help them to see that being part of a growing industry which is modernising and changing the way we deliver service for passengers is absolutely in their interests and not something to be frightened or concerned about.

This is a growing industry and with more opportunity for people than we have ever had in the past but we have to change and our employers have to change. We as leaders have to help bring our staff with us. And I think that I would agree with the Secretary of State's comments where he said in December he wanted to see railway staff have a stake in the future of our railway and I think again in alignments around our score cards incentivising our own staff on track and train to deliver outcomes for passengers must surely be one of the ways forward.

But it's not just about performance today though, where track and train coming closer together is really crucial, it is how we create capacity in the future. We cannot just say we are going to build new bits of railway here without knowing what exactly is needed:

- What kinds of trains you are going to run?
- What train service you are going to run?
- What type of franchise?
- What kind of train control systems?

And so on. You have to think about the growth of this capacity as a system.

You all know how passionately I believe that we have to make far better use of the infrastructure we have already got by running more trains on the existing infrastructure rather than building lots more infrastructure.

That means modernising the way we control trains. It means changing that with digital technology and it means bringing track and train much closer together in the future.

The digital railway is not a Network Rail change programme, it is an industry change programme and an incredible opportunity for us and we are going to have to grasp that opportunity.

The economic model needs to evolve and change. We currently have the lowest level of subsidy in Europe - pretty much - for our railway. That is something to be proud of but we also want to have franchises that are vibrant, which are economic where they make good returns and where innovation and creativity are encouraged and rewarded.

From a Network Rail perspective we need to fundamentally change the way we depend on public investment for our projects. I have said many times in the past that I do not believe that relying on taxpayers to pay for future railway investments, as we have done in the past, is a sustainable way forward.

We need to build partnerships with the private sector with funders and financial investors to find different ways to build on our railway. That's why I also strongly welcome the announcement by the Secretary of State on the East West Rail project.

We need different ways of thinking about how we invest in the railways.

We need to make it clearer that better railways drive the economy, drive housing, drive jobs and if those aspects of the economy are enabled by railways it is not unreasonable to expect those aspects of the economy that benefit, to help fund the railways in a more direct way than has been the case in the past.

The franchise model is going to have to evolve and the way Network Rail is structured and sets itself up and funds itself is also going to have to evolve.

We in the industry have to welcome that and embrace it and drive that change and not wait for the change programme to arrive at our door or be led into one by government.

We should be hugely optimistic about our industry because we are building on strong foundations. We do have real challenges today, not just in terms of performance, but in terms of building capacity going forward.

I think today we have heard clarity and consistency of view from people that gives me really confidence that we have actually got a pretty clear strategy on how we are going to tackle those problems going forward. I think we have to get after it fast with more pace, energy than perhaps we have shown in the past.

Someone asked the question: How come the biggest taxi company in the world does not own a single taxi? There are these are huge technology driven disruptive moments that happen to inefficient organisations, inefficient supply chains that fundamentally re-arrange the landscape. Let's not sit here and think that is not possible in our industry. That it cannot happen to us, it most certainly can.

Together we must move faster, with more determination, always relentlessly focussing on our customer and on pulling together as one industry to deliver a better service every day.

Thank you very much and thank you for your attendance at today's conference