

Starting as you mean to go on
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Accelerate Rail
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Thank you very much indeed, Tom and organisers, for giving me this opportunity to talk to you. Sometimes, it feels like I spend a lot of my time talking to conferences, but I genuinely believe it's valuable because events like these do give us a chance to step back, in what can be quite a relentless day-to-day environment, and focus on how our industry can better serve passengers and freight users. If we do that, then it certainly will be worth my while and I hope it's worth your while too.

I'm not going to talk for long, as many of you will have heard what I've got to say before. Indeed, if John Bercow was in the chair, he might not even allow me to speak at all, he might say I'm not saying anything I haven't already said. But bear with me. We all know that, more than anything else, passengers want services that are reliable. Reliability drives passenger satisfaction, but it's also key to making the most of the capacity available, a system that operates predictably as well should allow for better use of capacity.

I have a really profound example of that, when I took my family on holiday to Japan, back in 2017, and I had difficulty persuading my wife that the complicated journey plan, that involves two-minute connections between bullet trains, wasn't an act of madness; and it worked. Or rather it worked for the second half, because the first half, she was so disbelieving she insisted we skipped a train, and allowed time, but for the second half, we rebooked onto it.

A system that actually operates reliably, actually generates capacity as well. It's a fundamental link. And, at the moment, we are not delivering a system that does both of those things sufficiently well. But as Tom says, the one thing that has heartened me more than anything else, in my seven months back in the industry, is people's appetite to be open to change.

As Keith said, in his recent George Bradshaw address, unreliable services aren't a new problem. They've been declining for seven consecutive years and, therefore, why should we be surprised that passenger trends of satisfaction have followed the same trend?

So, why are we in this situation? Since I've started at Network Rail, I've personally met many hundreds of people, into the thousands now, and clearly there are quite a few of you in the room, to hear what you think we, as an industry, can do better. And alongside some fantastic work on performance and reliability, there are things I've observed time and time again.

Firstly, I do believe we've often lost sight of why we actually exist. I meet too few people who are obsessive about improving services to passengers, and too many who are distracted by other things. Secondly, we have underplayed the management of change. So, when we've introduced new infrastructure or timetables or rolling stock, all too often the shine is taken off the benefit by unexpected and under-managed issues, many of which were actually foreseeable. Thirdly, we've failed to maintain and develop some of those core operational competencies that are essential to system optimisation. They are more essential now than ever before, given the congestion on the network, but we've let them slip. Fourth, the way we set up the contracts we use, the processes and industry codes we adopt were designed for a very, very different time, with very different challenges to mind, and yet we appear to be paralysed, unable to positively respond in the face of all the evidence, waiting for somebody else to tell us what to do.

Now, I'm not going to go into more detail on those points right now, we have a panel later on, but I hope we will touch on that. So, what do you want to hear from me? I imagine, is what do I want to do in Network Rail to contribute to turning some of that around? I want Network Rail to be an organisation which genuinely puts passengers first. And I say passengers, please forgive me, I use that as shorthand for passengers and freight users. So, an organisation that puts passengers first, that is easy to work with, is a great place to work and is a natural industry leader that others will want to work with. And as I see it, there are three areas of focus to getting Network Rail back on track.

I'm going to start with the big one, and the fundamental one, and that is that we have to change our mindset. Every decision we make must be through the eyes of those passenger and freight customers. With double the number of passengers in our railway today, compared to two decades ago, we are in an era of tricky trade-offs between the taxpayer and the fare-payer, between costs and revenue, between performance and capacity, between seats and standing room. From what I've heard Keith say already, I believe Keith



will agree with me on this point: improving our ability to make trade-offs in a system under so much pressure is essential. And from my standpoint, we don't need to wait for the Railway Review's recommendations to start changing the way we behave; we can start to start with those four things.

It may sound like a gimmick, but I would suggest to my colleagues in Network Rail that they keep an empty chair in their meetings and imagine that a passenger is sat in it. Of course, you don't have to have the empty chair, but the principle, I hope, is clear: would you make the same decisions if you were being scrutinised by the people Network Rail is really here to serve? In the last seven months, I've sat in too many meetings, Network Rail internal or industry forum, where the tenor of the debate and the outcome would have been starkly different if passengers had been given a voice.

The second thing I'm going to do, then, is restructure our business to make it easier for all of us to put passengers first. I was told, loud and clear, Network Rail needs to cut the red tape, focus more on local and regional needs, work together in partnership with devolved bodies and with operators and not just direct level. So our 13 routes will do just that. They will be more in tune with local needs and train operator customers they work alongside. They will allow for much closing working and, in some cases, potentially full integration. These routes will be supported by five regions but, fundamentally, the way I see it, it's a structural change to support mindset change, and it cannot be the other way around. I've seen it in my staff. The brilliant bits of Network Rail, and there truly are brilliant bits, the best functioning parts of our business are those where people have a very, very clear perspective on what winning looks like, where people's positive, passenger-focused behaviours prevail despite processes and structures, not because of it.

The third thing I feel passionate about, and I've already touched on that, is encouraging a healthy obsession with punctuality. How? By talking about it relentlessly, by harnessing the new technologies and capabilities that we've not harnessed to date, by ensuring that everyone in Network Rail can directly track their delivery and recognition [?] to the needs of passengers, by rebuilding some of the core competencies we've lost by showing the leadership which our regulatory settlement expects us to show.

So I've given you some sense of what I'm going to do about Network Rail, but we have to be honest: just changing Network Rail is not going to be enough if passengers are going to receive the quality of service I passionately believe they have a right to expect. So I want to finish a little bit on how we must align the whole industry, be focused on the same goals and thinking. Keith has already recognised this in some of his comments.

Where franchising isn't working – and I think there are elements where it's working very well indeed. I believe, because of the detailed contractualisation of thousands of obligations, either between Network Rail and train operators or between train operators and Department of Transport, or other devolved bodies, it does not create the adaptability or incentives or innovation needed to optimise the congested system or, indeed, to respond to change in circumstances.

All too often, we end up trying to reconcile a conflicted objective, conflicting plans, conflicted timescales, conflicted incentives. Now is perhaps a good time to mention Rob McIntosh, who leads our London North-eastern route, and [unclear] David Horne are going to be talking, later, about their perspective on what it will take to make that franchise work well in that area.

Sir Peter Hendy and I have been very open. We will not be precious about current structures in Network Rail. That means just that. We're not advocating or preparing for a break-up of Network Rail, as some commentators are trying to suggest. In fact, we are scrupulously not advocating any models at all. That's Keith's job. I believe our energies are best focused on improving the service we offer to people. Rebuilding trust in our industry is something we'll only do if we change that culture and mindset, as long as it is supported by the right structural change.

And that is a choice for all of us, as individuals and leaders. I have huge faith in Keith's ability. Sorry, Keith, the last time I checked, you're mortal. You will be subject to the reality of funding and timing and political constraints, just like any other study in any other mechanism in any part of the world, so if you're one of those people who think 2019 is year of waiting for Keith to tell you what to do, then I believe you're choosing to be a victim of circumstance and not the leader this industry desperately needs.

So, I urge you, instead, to join me in an unequivocal commitment to work together to regain public confidence, to deliver on our promises and build a platform for continued growth.

**Note: this a transcript, so language reflects the speech as delivered.*