

Speech by Michael Roberts for Railway Study Association  
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## **DELIVERING FOR PASSENGERS: THE AGENDA FOR TRAIN OPERATING COMPANIES**

I am delighted to join you this evening and I know I am with an audience of friends – supporters of a great industry who recognise the benefits which the railways bring to Britain and who want them to enjoy continued development.

I am particularly grateful to Jim Steer who, as RSA President, invited me to address you and so provide an opportunity to share with you an ATOC perspective on the key issues of the moment. I have known Jim for many years now and have long respected him for his transport wisdom and ability to think out of the box.

It is often said that everybody is connected in five steps – but in my experience it seems everybody is connected to the rail industry in three steps or fewer.

A father who built coaches, a grandparent who operated a signal box, a great grandfather who stoked the boilers. Now, even, perhaps a daughter who drives a Class 221, not to mention a Secretary of State who represents a key rail constituency and whose father worked in the industry.

Perhaps these things help explain why the railway industry has such a powerful hold on our national imagination. It certainly is one of the most talked-about, written-about and argued-over industries.

It is an industry with which I have had many positive encounters during my career, whether as a cub lobbyist working with Arup at the start of the 1990s on what was then known as the Channel Tunnel Rail Link; or as someone directly involved for many years in the CBI's work on transport.

However, as a relative newcomer at least to the detailed issues of this industry, I recognise that I am speaking to one of the most informed – and experienced - audiences anyone working with the railways could meet. Quite a daunting prospect.

I also recognise that this audience will be very familiar with the role of ATOC. It would not surprise me if in the comments after my presentation I learn a thing or two about the history of our organisation which I have not yet picked up. Hopefully there will not be too many skeletons brought clanking out of the closet!

But by way of reminder, ATOC's mission is to work for passenger rail operators in serving customers and supporting a prosperous railway. We do that by providing a range of mission critical services (such as Rail Settlement Plan); managing other important collective arrangements (for example, National Rail Enquiries and rail cards); and striving to create a positive business environment for TOCs, for example, by influencing the policy framework within which our industry operates.

Part of my work involves creating an efficient and effective operation at ATOC, with a more powerful voice that commands the ear of policy makers and stakeholders and makes a compelling case for rail – priorities which operators and owning groups want ATOC to embrace and for which I was recruited just over a year ago.

Here at the LSE there is, no doubt, much attention paid to the economic difficulties the world is currently experiencing. Tonight I want to strike a more upbeat tone – by drawing attention, both to the many successes of our industry and, perhaps more importantly, to the sense of purpose of train operating companies in wanting to tackle remaining challenges and contribute towards a yet better railway.

I make no apologies for beginning by describing our industry as a success story. The figures speak for themselves. Our performance is at a ten year high. Today we carry more passengers than in 1946 on a network half the size. More than £5 billion has been spent on new or refurbished trains in the past ten years. Rail is recognised as the safest and greenest form of transport, contributing less than 1% of total UK CO<sub>2</sub> emissions.

Our passengers are also increasingly satisfied with their travel experience. The last National Passenger Survey recorded its highest level of satisfaction since the survey began, with 83 per cent satisfied with their journey, up two points from a year earlier.

A major factor for this likely to be the increasing punctuality of trains. The latest punctuality figures show that nearly 19 out of 20 trains are arriving on time – the highest figure on record – with that picture getting brighter still.

Of course, it is not much consolation telling passengers frustrated they have arrived late that only a small fraction of trains are delayed. And we know value for money is an issue, something I want to come back to shortly.

But I believe we should acknowledge what is being done on performance – though perhaps without the cheesy fanfare you get on a Ryanair flight which arrives on time - given that train operators last year ran 20,000 trains a day. Putting that into an historical perspective, we are providing one million more timetabled services a year than British Rail operated just

before privatisation.

Another staggering statistic is that passengers travelled 31.5 billion passenger miles in 2008/09 – equivalent to circling the world more than one million times. Or to give you an inter-planetary comparison, that equates to 66,000 return trips to the moon. It would be interesting to speculate whether those journeys could achieve the same level of punctuality enjoyed by today's rail travellers.

All this could not happen without contributions from all players in the industry working together individually and collectively and the efforts made by thousands of hard-working railway staff to deliver an excellent service, day and night.

The operating companies are making a major contribution to increased punctuality by bearing down on problems within their own control. Delay minutes caused by TOCs have fallen by 45% over the past five years. Network Rail is, of course, also making an important contribution to improved punctuality, and overall has reduced delay minutes by 37% over the same timescale.

Another area of success is the innovation ATOC has brought to passenger information. National Rail Enquires handles more than 380,000 telephone enquiries every week; the website offers real time train running information, journey planning, timetable and fares information, and also provides links to individual train company website pages. Each week it receives nearly 3 million visits.

Both proved their effectiveness during February when snow hit the south-east of England. The website handled a record number of enquiries with customers only experiencing difficulties getting through around 7.30 a.m. when it dealt with unprecedented "super-peaks" of 16 times its normal load – well beyond the site's design load of 6 times normal peak.

We are constantly looking to go further. For those of you in the audience who use an iPhone, you can now access real time journey information at the touch of a screen.

We clearly need to make sure we do not exclude important parts of society through the use of technology. But in 30 years' time, many passengers will no more think of going to the station to buy a ticket or ask about train times, than they go to the airport to book a flight today.

Already, more than half of passengers buy their rail travel in advance and a start has been made on 'ticket to phone' by Chiltern. E-ticketing is rapidly being developed, with the ability to print your ticket at home.

Another area where progress has been made is in security at stations and on the trains

themselves. Crime on the rail network has fallen five years in a row. Train operators are investing heavily in measures to improve personal security for passengers, contributing £120 million this year to the British Transport Police - 40 per cent up on five years ago – and spending £15 million on dedicated security staff to work alongside BTP officers.

This is a strong list of achievements and improvements. But in an industry that delivers one and a quarter billion passenger journeys a year, there will always be times when things do not work when as they should, when services are disrupted, or even when a Very Important Passenger (such as the Rail Minister) can't get a cup of tea at Southampton station late in the evening.

When that happens we should be challenged – the industry has a responsibility to serve the travelling public and should be held to account for any shortcomings. My concern is that in rightly encouraging the railways to do better, commentators should not lose perspective about what is being done through the hard efforts of the industry and its staff. Unfortunately, as a reader, listener and viewer, the profile of our industry which often comes across is one of alleged profiteering or hapless companies who have little thought for their passengers.

The facts are very different. TOCs do care about passengers and are hungry for more business. The franchising model drives us to grow the market. Better quality and performance increases passenger satisfaction and promotes growing demand which increases revenue and more mode switch. The result means that TOCs have more funds to invest in better quality and the virtuous circle begins once more.

But it is not just about increasing revenue. Train operators are focused on customer needs and passionately believe in delivering a great service. I was delighted that Lord Adonis recent blog recognised the commitment of staff to this – even though most journalists covering his round Britain rail journey concentrated on the few criticisms he had.

Yet despite the difficult headlines I think the travelling public can recognise the big picture of a much improved industry. Look at the strong growth in passenger numbers in recent years. Current economic conditions are slowing the growth in rail demand, but growth over the past ten years has exceeded expectations.

Since privatisation, passenger journeys have increased by 54%. This is in excess of what can simply be explained by recent economic growth. It shows that people have been voting for rail with their feet.

The strength of this demand is perhaps all the more striking in the light of Government policy to return rail funding to its historic norm of 75 per cent provided by passengers and 25 per

cent by taxpayers, from the current position of equal shares.

A factor in this high level of demand is the effort train operators have made to deliver on what matters to passengers and this includes a range of fare deals to suit different pockets.

Let me offer you a recent quote: "Our European comparisons research shows that long distance travel in Britain can be cheaper than anywhere else."

You may be surprised when I say that the source of that comment is Passenger Focus. You may even be surprised at their conclusion given the perception that UK fares are among the highest in Europe. But the position on fares is much more complex.

Fares have lagged considerably behind most other transport costs and services; and they are broadly comparable with fares in Germany, Austria and Belgium. Fares in Poland do not look so cheap when looked at in true light of the cost of living in that country.

More positively, progress on providing options for cheap travel has been profound. In 1996 the cheapest Advance single fare between London and Manchester was £18.50, today it is £8; London to York was £35, now it is £13; Bristol to Birmingham was £20, today it is just £7.

Looking at discount railcards, passengers can pick up some astonishing bargains. A colleague at ATOC has told me her student son has bought a ticket home to Marylebone from Birmingham Snow Hill on Friday for just £3.30 using his 16-25 Railcard – an astonishingly cheap pay-out for a weekend of free meals and laundry.

We have also met criticism about the complexity of fare structuring and the multiplicity of tickets by transforming our offering. Last year working with Passenger Focus we created a new national fares structure with three types of fare and using new names based on what worked for customers:

- Anytime Buy anytime, travel anytime
- Off-Peak Buy anytime, travel off-peak
- Advance Buy in advance, travel on a specific train.

To be fair to Passenger Focus, however, their research also leads them to conclude that the price of complete flexibility is high. However, fewer than 2% of long distance journeys are made on full fare, anytime return, tickets.

Yet these 2% "tip of the iceberg" journeys are what commentators consistently focus on. And they do so without comparing rail with air where the price of a similar walk on ticket is massively different from the fares so many air travellers pay because they seek out advanced

and discount sales – the very tickets that the media choose to publicise.

Of course, every passenger and commentator would like ticket prices across the board to come down but we live in the real world and the hard reality is I see very limited opportunity for this to happen.

Rightly, there is a focus on significant investment and Network Rail has to deliver its biggest enhancement programme yet. But the same time there is little chance that this Government – or the next – is going to find substantial new money to reverse the approach on the split between taxpayer and passenger funding.

To say as much is not a question of blaming others or passing the buck. It is simply a statement of the current reality which both the industry and customers face and which needs to be said and recognised.

Equally, by making this point, the last thing I want to do is give the impression that we at ATOC believe this is an excuse for doing nothing. Far from it – but it is intended to signal that, at least in the foreseeable future we do need to focus on what practicably can be done to address the concerns of passengers about value for money.

One thing we do need to look at is whether enough is being done to inform customers of the good value fare offers which do exist, for example, in the case of off peak walk up fares as well as advance fares. We have discussed this with Passenger Focus and the Rail Minister and we at ATOC are considering what might be possible.

But it is also important to recognise – as indeed the Passenger Focus research reveals - that perceptions of value for money are not purely about price: they are also about the quality of service which is paid for.

And in seeking better value for money, passengers are very clear about what they expect in terms of quality – further improvements in punctuality and reliability, a seat for their journey, clear information during disruptions, higher frequency and speed, good on-board experience and better stations.

Now, these *are* things we can and should do something about, with the right approach. And in working to deliver against such expectations about service, operators are clear that we need as an industry to focus on four key areas. Those areas very much shape the priorities for ATOC's work and it is to them that I now wish to turn.

**First, all industry players must continue delivering those aspects of service which matter most to customers.**

The relentless attention to performance, informed by a wide array of statistical data and

interrogated every 4 weeks, has been a key feature behind improvements to date. That process needs to continue and be refined where necessary.

Much of course will continue to be down to individual TOCs and NR route directors to deliver. But there are also opportunities for pan-industry approaches, not least under the umbrella of the National Task Force.

You will not be surprised to hear me say that operators feel there is plenty which Network Rail can do: one particular area of concern is non-track assets, where in the last period we saw delay minutes increase, compared with the year before. Although this needs to be set against five years of improvement, we believe Network Rail needs to keep a focus on all aspects of its work to bring delays down across the board.

But opportunities also lie in what we do with rolling stock. Two examples are the Fleet Challenge, focused on identifying successful fleet improvements, ways to improve depot facilities and improving the supply chain; or the ATOC-led National Fleet Reliability Improvement Programme, bringing together engineers from right across the industry and the Department for Transport to help improve the overall reliability of the rolling stock fleet. Further potential to the benefit of both operators and infrastructure provider rests in work to understand how best to use data which can be collected from trains which can improve our knowledge and management of issues affecting service performance.

In addition to performance, a priority must be to get more train seats on the network. That is why we have urged the Government – and the opposition – to honour the commitment to 1,300 new vehicles and deliver them as soon as possible to relieve current overcrowding. It is also essential that associated infrastructure works, including platform lengthening, depot enlargement and berthing sidings, are delivered in time for the introduction of new coaches.

These new vehicles will increase the size of the national fleet by some 12 per cent, but more needs to be done. That is why Network Rail's £12 billion enhancement programme under CP4 is so important, with its upgrades on, for example, Thameslink and ECML, removal of bottlenecks at places such as Birmingham New Street and Reading, and rolling stock related work (for example, linked to the new Super Express fleet).

Nevertheless, operators have argued there is more work to do in fleshing out aspects of the delivery plan for Network Rail's investment programme, something which in general ORR has recently endorsed. And much needs to be done to enhance operator confidence in the way major projects are delivered, not least on the back of experience on the West Coast Main Line and notwithstanding recent improvements made by Network Rail in the way it carries out major improvement work.

Which leads me to a further area where as an industry we need to make progress, namely, to address the impacts of disruption on passengers. There are at least two dimensions here and we are working on both with our industry partners.

First, we know that there is significant passenger concern about the level of disruption caused to services due to planned engineering works and in particular the dislike of being put on bus substitution services when they have paid to travel by train. It may come as a surprise to some, but for companies who make money out of running train services, it is also a concern for TOCs.

So ATOC and its members, with Network Rail, are currently working together to ensure that the CP4 target to cut the impact on passengers caused by engineering works by a third over the next five years gets delivered.

A key issue for TOCs is to be involved much earlier in the planning for any disruptions and we are working through the detail of what that might mean with Network Rail. Together we are also exploring the scope to develop a protocol for handling disruption on different types of route, so that as far as possible we keep services running particularly on routes serving higher passenger volumes. And the CP4 target, currently expressed as a reduction against a national index, now needs to be converted into something practical that can drive action at route level.

The second dimension relates to the quality of passenger information during disruption. This is an area where rail does not score as well it should in the National Passenger Survey and the ambition of ATOC's members, together with Network Rail is to implement measures which can improve that score over the next two years.

We are now embarked on 4 work streams aimed at improving key aspects of the chain of communication in the event of disruption, from the incident itself, through control, to how information is communicated to passengers and staff – and how that information is taken on board by recipients.

Our challenge now is to convert the work on issues such as standard messaging, staff training and improved decision-making at control centres into some early wins so that we can start making tangible progress in this important area.

Finally, under my first theme of improving those aspects of service quality which matter to passengers, is the need to address what is happening at stations.

This is another area where TOCs have been keen to do more, even before the initiative under

Chris Green and Sir Peter Hall, recently announced by Andrew Adonis. Although overall satisfaction with stations has improved in recent years, there is a significant number of stations where less than 40% of users are satisfied with what they experience.

The industry will spend between £2 and £3 billion on the fabric of stations over the next five years. The key for TOCs is to speed up the process for deploying this resource – and to improve the bang for the bucks which have been set aside.

We are now developing our ideas, not least to help inform the Green/Hall initiative, but a number of key thoughts strike us at ATOC.

90% of the funding I have mentioned, and responsibility for its delivery, is due to go through Network Rail. Notwithstanding welcome joint initiatives to promote station improvements, allowing TOCs (where they want to) to undertake more of the delivery of work on behalf of Network Rail is something we would like to see – and there are signs that Network Rail is open to this.

In the medium to longer term, changes within the franchising process that transfer responsibility for maintenance and renewal to TOCs might be another option. Whatever we do, keeping a focus on what passengers want, rather than what civil servants think they want, would seem to be a good principle. So perhaps we should take the information available from NPS and other sources to set a target to achieve a minimum level of passenger satisfaction at stations by a clear deadline – consistent, of course, with the level of funding that is available for this.

### **The second area of focus is that we must drive costs out of our industry.**

The good news is that the cost of running the railway per passenger kilometre is now falling, a welcome reversal of the trend since the mid-1990s which has seen the industry's total spending – when enhancement spend is added in - rise to about £11billion a year.

Just over half of this is accounted for by NR and it is here that many of the main opportunities lie. But in saying that, we should not begrudge the achievements that NR have already made to date, compared with the situation that they inherited from Railtrack's administration. The efficiency gains since then, of almost a third, are impressive in anyone's terms.

That said, it is clear that there is more to go for and NR have signed up for a further major round of efficiencies in CP4. Much of these will come through improved processes, not just

through 'good housekeeping', and now that NR have stabilised the business they are in much better position to look at this area. This covers things such as greater automation of track inspection, modular stations and use of pre-assembled switches and crossings when track is relaid.

On projects, there are likely to be further gains from ensuring that project scopes are clear at the start and not altered as they go along (a major weakness of the past; continuing control over management overheads; and by working with the supply base to through things like RIA's Value Improvement Programme to find ways of reducing costs collaboratively.

Of the TOCs' share - some £5bn per annum – a significant element goes in staff costs and one of the major themes here has been increases in staff levels in order to provide better customer service. Staff numbers are now at about 50,000, up from 38,000 in 1999/2000. Although there is some trimming of this going on in response to today's challenging market conditions and increasing automation of functions such as retail, it is clear that the drive for customer service means that this "cost" is vital to the railway's success in attracting more demand and increasing revenue so is one area that is unlikely to change going forward.

About £1bn per annum is spent on leasing trains. This is an area that has of course recently been examined by the Competition Commission and it seems unlikely that there will be a major savings in the short term here, although opportunities for extending heavy maintenance periodicities will continue to be important.

There are perhaps other opportunities in the final category of costs, which includes things like train maintenance, fuel, insurance, policing, rent, rates and utilities. Areas such as continued adoption of good practice in train maintenance, designing trains that are easier to maintain rather than which have low first cost, working closely with equipment suppliers to drive unnecessary cost out and energy efficiency initiatives such as eco-driving and reducing energy use when trains are stabled at night are opportunities which TOCs are looking at hard.

The budgets of industry bodies such as BTP and RSSB spend are also a source of keen interest for our members, perhaps not surprising in the current climate. ATOC and operators continue to work with such organisations to improve the effectiveness of these areas of expenditure.

An important area going forward is much closer working – in a true two-way partnership – to reduce whole industry costs. Unnecessary costs that we impose on NR or which NR imposes on us are own goals that we need to strenuously root out. Work led by ATOC has cut £200m from the planned train fitment costs associated with European Rail Traffic Management

System (ERTMS) by better planning train fitment alongside track fitment. This is a sign of what we can achieve when we work together as an industry.

TOCs, of course, have their own contribution to make to reducing industry costs and it is important to remember that the incentive to focus on improved efficiency in franchising is a very sharp one. ATOC itself has played its own small part by reducing its spend from over £80million in 2003 to £58m next year at the same time as continuing to deliver quality services for operators. We are committed to doing more.

**The third area of our agenda is for the Government and industry to use the next two years to re-assess the approach on franchising.**

The industry is well used to Government interest and intervention. Today, through the franchising and licensing process alone the Government:

- Specifies the train service levels to be provided by operators;
- Determines investment in new trains
- Controls the hours of ticket offices and range of tickets sold;
- Regulates around half of passenger fares.

We have to ask ourselves how much of this is necessary now that the post-Hatfield rail industry is back on its own two feet – notwithstanding the challenges posed by a tough economic climate.

Such an approach should reflect the learning from all of the rail franchises let since 1996 and must also consider issues such as fares policy, Government funding levels, contract specifications, the relationship with NR and franchise length as a whole.

This is, of course, a complex agenda and needs to be thought through carefully. It is also one where there are different franchise models in use and where there are many views, not least among train operators. But they are committed to work on these issues now, since we think that franchising is an area that a new Government, of whatever political persuasion – is likely to tackle soon after the Election.

Our own position is very much work in progress, but let me share with you some thoughts on this important issue.

Firstly, not all franchises are the same. Whatever the current economic position it is clear that a number of the franchises will not require subsidies by the end of CP4 and indeed will

be generating significant premia to Government even after allowing for infrastructure costs. The case for allowing greater scope for market freedom in these franchises in our view is our strong.

But other franchises are tightly connected with the transport plans of London, Scotland and Wales and the rail element is explicitly being planned as part of a multi-modal package. In the case of the London Overground, fares are almost entirely controlled by TfL. Here, a different kind of franchise is needed.

My point is not at this stage to lay out the best possible franchise structure for you but simply to illustrate that not all franchises are the same and we think makes sense for there to be different franchise structures for difference circumstances.

Secondly, and within that context, longer franchises are an important part of the mix both today and should be in the future. Where significant investment is needed or a major change in what the franchise does – whether that be new services or initiatives in staff training - is planned, the current standard term of seven years is often too short. Of course, there are some particular issues that longer franchises throw up – the risk associated with long term demand forecasting is one – but there are potential solutions to these and we are working through how this kind of structure could be developed further, based on the successes of the existing long term franchises Chiltern and c2c.

Thirdly, we need - on more of the railway - to encourage operators to deliver what they know best: provide a better service to passengers, and do so quickly. We must start with a presumption of increasing freedom not reducing it.

The detailed control in the franchises let by SRA and DfT since 2003 is perhaps understandable given the perception at the time that the industry was reeling from the effects of Hatfield and that Government should step in effectively resolve capacity allocation issues because the existing mechanisms were not working.

But the question is: does it make sense today? We are now in a quite different place. The rail industry is stronger, its processes work much better and Hatfield, thankfully, is long behind us. The need for detailed DfT control of all that DfT currently controls becomes less clear by the day.

Fourthly, and most fundamentally, franchising necessarily brings together the public and private sector perspectives. We must acknowledge that the public sector has a key role to play, for example, where it is trying to promote wider social goals for which there is only weak commercial justification.

But the private sector has a valid perspective as well, driven by finding the best ways of serving the market and improving things rapidly in order to grow revenue.

The issue is how to bring these perspectives together. An important way of doing this is for the public sector to set out the outputs that it wants and to give the operators the flexibility they need to find the best set of inputs to do this.

To give an example, consider DfT's intention – which we support - for an environmental metric in the next HLOS, mostly likely framed in terms of the tonnes of carbon emitted from franchised TOCs. The crucial issue is how this is done. We could have a world in which DfT plans which fleets go to which TOC, what fleet mileage they do and, indeed, what energy efficiency measures (such as fitment of regenerating traction packages) that they should carry out.

But is this is really sensible? A plan driven by officials in this level of detail is not likely either to give the best overall carbon reduction trajectory or, perhaps more crucially, unlock the management enthusiasm needed to see it through. Better to set a carbon target, perhaps by TOC, and challenge TOCs to achieve it – or preferably better it – through the best combination of fleet deployment, train length and investment that they think is the best way of doing it.

One might go further: if there were financial incentives to bettering the carbon target, TOCs would doubtless put more effort again to achieving it. TOCs have the information – and the motivation – to meet and exceed a target such as this.

But this is just one example of where franchises might go next - achieving social objectives, with the private sector's value-added being to find the best of doing this. The reforms of 2003/03 need to be revisited.

We are approaching a two-year window of opportunity, following the imminent award of the South Central franchise, to shape the future of franchising in time for the next round of re-lets and extensions. ATOC will use this opportunity to press the case for change designed to stimulate innovation and investment in better rail services.

**Finally, we must plan ahead now to provide the network improvements we need beyond CP4 to ensure our railway is one of the best in Europe.**

So far, I have said there is much we must do regarding delivery in short term, taking out costs and preparing over the next couple of years to reshape franchising in ways which at the

end of the day seek to provide a better deal for the customer.

But the next two years are also critical in planning ahead for the longer term improvements which will be needed to provide sort of network not only customers will expect but which serves country as a whole.

It may sound odd to talk about this, at a time when there is so much to do in the short term and when we know there is so much pressure on finances. But a return to economic growth, increasingly congested roads and skies, and a commitment that the UK cut its carbon emissions by 80% by 2050 all point to a doubling in rail demand over the next 30 years, and possibly a tripling beyond that.

That is why ATOC, together with Network Rail and the Rail Freight Operators' Association, last week published *Planning Ahead* - the beginning of process through which we will flesh out that 30-year vision. It does not try to address all issues facing the railways but focuses mainly on how the physical network needs to develop and what that means in terms of priorities for CP5 and beyond.

I venture to suggest that for this audience, the broad vision set out in the document of a railway which Britain can be proud of - meeting the needs of passengers, freight customers and wider society - will provide few surprises.

But - apart from an important statement of intent by key parts of the industry to work together and with others to shape the longer term - I believe there are three important things which this document tries to do.

First, we need to be clear about the sort of outputs we want the network to deliver in the longer term. For example, how much further do we feel it is worth improving performance beyond the HLOS target and just what should be our ambition to drive further improvements in cost efficiency? Until we know that - and ensure that these issues are informed about what passengers value - it is difficult to reach rational decisions about the sorts of priority improvement schemes we should commit to.

Second, in terms of the specific types of improvement which might be made to the network, again the list of possible options will be familiar to many. What we need to do is clarify among other things the sequencing, level of priority and relationship between these options.

For example, ATOC believes electrification is a major opportunity. It offers scope not only to reduce cost and carbon, but also to address capacity and a range of other issues. The document talks about an ambition in the longer term for 80% of passengers to travel on a green, electrified network.

Yet at the same time there is an active debate about, for example, the opportunity to provide new capacity through High Speed Lines – a debate, incidentally, in which TOCs are actively engaging with organisations such as HS2 and Greengauge. Assuming we can reach robust decisions about the economics and best routes for any high speed lines, how best do we take these forward in a way which is practical and affordable given all the improvements which can still be made to the classic network?

Third, we need to recognise there is a lot of work already progressing, for example, through Route Utilisation Strategies, which seeks to address these issues. There are also areas where as an industry we need to plug in more effectively to decisions which are being made, for example, on land use planning. Our document is as much a call for that oft-sought after, but nonetheless vital, joined-up thinking which is critical to the success of our ability to plan ahead. The paper is available on our website and we would very much welcome RSA members' views on it.

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In conclusion, then, these are electrifying times for the railway – electrifying, I hope in more ways than one. I am excited to be part of this industry of achievement, an industry that has a wonderful history and huge potential for the future. The risk of the “crumbling edge of quality”, which the legendary Sir Peter Parker warned of in the 1970s, is very much the language of the past.

And yet, while there is absolutely no room for complacency, the agenda of continuous improvement which everyone in the industry must embrace is a fantastic mix of the immediate and long term, the detailed and the strategic. Even in the time taken by this presentation, I have not been able to cover all the important issues.

I suspect the richness of that mix has always been there. But what I hope I have managed to communicate is that, despite the current short-term economic challenges facing our industry, it is a landscape of issues in which all TOCs, in their different ways, take an active interest.

I also hope to have shared with you a further thought. In the arcane world of acronyms, bodies and technical detail that is this industry, set within an intense and critical media spotlight, TOCs not only want to ensure their businesses are successful, they are also committed to delivering a public service. Their focus, and that of the thousands of hard working staff they employ, is to deliver for customers.

Ultimately, however, this is an agenda which operators cannot shape by themselves. Without needing to re-draw completely the map of railway organisations – which no-body seriously wants – operators recognise there are occasions when they need to work not only with each other, but with other players within and around the industry.

That does not mean that the next couple of years will not see *some* change in the boundaries of roles and responsibilities between differing players. I think they will. Nor does it mean there will not be occasions when different organisations speak out strongly in pursuit of their interests.

But I think that if and when these things happen, we should take them as a signs of a maturing industry which can manage diversity of opinion and challenge, while still working together on the issues that matter.

Within that context, the knowledge and experience crystallised by the RSA membership represents a key resource which has helped the industry get to where it is now - and which needs to be harnessed to help the railways in their continuing progress. In tackling the many challenges ahead, our record as an industry of success to date – far from being a cause for smug self-congratulation – should be a reason to be confident that we can deliver a better railway, today and tomorrow.

Thank you.