House of Commons

Transport Committee

Oral evidence: Priorities for Network Rail, HC 1489

Monday 10 September 2018

Ordered by the House of Commons to be published on 10 September 2018.

Watch the meeting

Members present: Lilian Greenwood (Chair); Steve Double; Huw Merriman; Graham Stringer.

Questions 1 - 73

Witness

I: Andrew Haines OBE, Chief Executive, Network Rail.

Examination of witness

Witness: Andrew Haines OBE.

Q1 **Chair:** Welcome. It is very nice to see you for the first time with your new hat on. I should say for the benefit of people who are listening and not watching that Andrew is not actually wearing a hat; it is metaphorical.

For the purposes of our recording, would you introduce yourself?

Andrew Haines: My name is Andrew Haines. I am the chief executive of Network Rail.

Q2 **Chair:** You have been in post for a month. What have you identified as the biggest weaknesses in Network Rail as an organisation?

Andrew Haines: The reason I took on the job, which a few people described to me as one of the worst jobs in Britain, was that I have been very passionate throughout all my career about putting passengers first, and being on the side of passengers. I am not sure that Network Rail is perceived as that at the moment.

There is a huge amount that goes phenomenally well. We are one of the largest infrastructure spenders in Britain. There are large parts of the railway that are performing well, but I do not think that passengers fundamentally understand what Network Rail does. I do not think they have confidence that Network Rail is looking out for them. That is borne out by other stakeholders as well.

My commitment is to make sure that passengers' interests are front and centre of Network Rail's agenda for every single one of our employees. For me, that means continuing the strong safety improvement record that I inherited from my predecessors. I want to turn around the long-term performance decline that has been going on in the rail network for about seven years, and for it to become a more agile organisation so that we can deliver better value for money for the taxpayer. I want us to be easier for our customers, funders and interested parties to engage with and to be a better neighbour. That is all a massive challenge.

Q3 **Chair:** We are already facing lots of capacity concerns on the network. I imagine that some freight companies out there might feel a bit nervous when you say that passengers are your top priority. What do you feel about the importance of freight on the railways?

Andrew Haines: I am really glad that you picked me up on that. When I say "passengers", I use it as shorthand for passengers and users of freight services. I take that as read. I have already met or spoken to the senior players in the freight industry. I spent a day with the team managing freight interests. Every freight train can take up to 76 lorries off the road. The typical carbon footprint of a train is 76% less than that of the equivalent road transport, so I am very serious about developing the strategic freight network and allowing freight to grow in what are very challenging times for them. You will be well aware of the decline in freight, with a shift away from power station coal.

Q4 **Chair:** We are happy to hear that you are putting your customers, both passengers and freight operators, front and centre. What is that going to look like? What are your ambitions for what will be different about the way that Network Rail operates? What are your priorities in the near term? What are we going to see that is different, either as passengers or as Members of Parliament representing our constituents?

Andrew Haines: What will not be different is the safety agenda. I want to keep repeating that because it is so easy for us to take it for granted. In the 10 years or so since I have been out of railways, I believe there have been very significant strides made—not only in the safety of the workforce, but in the safety of passengers. That will not be any different.

There will be a front and centre approach to day-to-day operations. The hard reality is that, for most people, we are only as good as the last train service they were on. I believe that the industry has got itself into a position where it thinks it is almost inevitable that seven sustained years of decline in performance cannot be dealt with. I fundamentally do not believe that. There will be a relentless focus on that. To do that, we need an unwavering honesty and transparency about the underlying causes. There has not been much true, honest engagement about what has driven some of those issues.

The other thing for me is to have a much more devolved structure within Network Rail. Why? If you want to work closely with devolved Governments and encourage alternative and additional sources of investment in the railway, and if you want to respond to local communities and be a really good neighbour, you have to devolve real power to regional bodies and not try to drive it all from the centre. While progress has been made on that, we have a lot further to go.

Q5 **Chair:** You talk about candour and honesty, and we would find that very welcome. There have been some instances where this Committee has felt there has been a lack of candour about what is happening with the railways. It is not just candour with MPs and the public, but potentially within organisations where perhaps those who know what is going on and are at the cutting edge do not always tell those higher up. How will you make sure that your staff tell it to you straight so that you are able to know what is going on?

Andrew Haines: You have to walk the talk. You have to demonstrate in your own behaviour, first of all, that you expect people to be straight talking. Secondly, you have to be accessible. I have some advantages. I come from a very working-class background. I am the son of a factory worker and a shop worker, so I am used to talking to people of all persuasions.

I have already made it a priority to be out talking to people, not only headquarters staff but maintenance engineers, and spending shifts out on the track and in signal boxes. I will build that as an expectation within the management chain. Bluntly, you cannot transform that by yourself with an organisation of 40,000 people, but you can role-model and make clear your expectations. You can check in with people.

Q6 **Chair:** What are the things that you think have led to declining reliability, apart from the obvious that there are more services on a network that is not necessarily ready to cope?

Andrew Haines: You have already identified one of the key issues, which is that there has been an increase both in passengers, so station dwell times are longer, and in the number of trains on the track. We have tightened up our safety procedures, which is absolutely the right thing to do, but it has undoubtedly meant that the response to incidents is sometimes slower.

The way we have done timetabling—I am sure we will come on to this—has not reflected the fact that we are now running a very different railway. The incentive regimes we have for train service performance are exactly the regimes that were designed back in the early 1990s when people were speculating on how a disaggregated railway might operate, and they have not really changed one jot. There has been too much focus on PPM and not on a right-time railway. World-class railways do not measure trains to five, 10 or 15 minutes; they measure trains by half minutes.

Financial pressures have meant that operators have struggled to provide the same level of resourcing and resilience. When something goes wrong, it now takes much longer to recover. All of that is set in a context where the infrastructure and the train fleet are becoming more reliable. If we had not had those significant improvements, the position could have been worse still.

Q7 **Chair:** Some of those are down to you and some will be down to other parts of our fragmented railway.

Andrew Haines: That is where the candour comes in. If we can have an open conversation about those issues, I sense, from the people I have been talking to, willingness to talk about them and surface them, but it will require people to be evidential, and to provide good-quality analysis and not try to manage by anecdote.

Q8 **Chair:** One of the issues you touched on was finance. One of the big changes to the railway since you were last working in the sector is that Network Rail's relationship with Government has evolved. It is now reclassified as a public sector body. Do you think that has changed the independence or decision-making capability of Network Rail?

Andrew Haines: It certainly has, and that is a right and proper step in the sense that Network Rail spends very large sums of public money.

Broadly, 60% of our income in any one year is a grant; it is taxpayers' money. I have no problem whatever with there being a degree of control and influence over that. I see very strong, effective relationships. There is room for us to get slicker in the dialogue we have with the Department for Transport. It would be wholly improper if there was not a degree of control, given the amount of money we will be spending in CP6 on behalf of the taxpayer.

Q9 **Chair:** Are you comfortable with the level of autonomy you have in your relationship with the Secretary of State? Obviously, you know him through your previous role as well.

Andrew Haines: This is day one of week five. It is not quite a full month yet. Thus far, I have had very strong support. My relationship with the Secretary of State has been based on me being honest about my assessment of the issues we faced in my previous job and in this job. I think that is something I can bring to the party.

Q10 **Chair:** Is there any evidence you could point us to that can demonstrate your ability to be independently minded and sometimes to stand up to Ministers and officials?

Andrew Haines: I can certainly bring evidence of standing up to Michael O'Leary and Ryanair. It may not be a perfect replica, but there are very strong-willed and opinionated people in the aviation industry. We gave quite clear advice to Ministers privately over runway expansion. What you do not do is have those debates in public most of the time, because that is not the best way to get a result. I am confident in my ability to do that.

Chair: We would now like to look at the prospects for CP6, particularly enhancements, which were a huge problem in CP5, and are very important to Members of Parliament and their constituents.

Q11 **Steve Double:** Enhancements are now going to be funded on a case-by-case basis through the enhancements pipeline, with most of Network Rail's funding to be spent on renewals in CP6. What are the prospects for new major enhancements in CP6?

Andrew Haines: There are real potential schemes being developed. I guess we have to put it into context. There is still a lot of carry-over work to be done from CP5. The transpennine route upgrade project, which is really important to the north, and to the Secretary of State and to us at Network Rail, is still a while away from hitting the ground. There is quite a lot of carry-over from that. There are huge amounts of work going into HS2 and East West Rail.

There are those core projects for a start, which are absorbing a lot of the financial and some managerial bandwidth of the rail sector. On top of that, we are working with the Department on lots of schemes. I have been talking about two today, including by coincidence one that is no doubt close to the heart of some of the people in the room. We are sensibly being asked to develop schemes and then look at the actual business case before decisions are taken on using taxpayers' money to fund them.

I talk internally about this being NHS money. It is not a free gift. It is taxpayers' money, and we have to fight the case with people for sources of funding for education and health. If a scheme no longer looks viable after we have gone a way down development, we should not be wedded to it because it is a railway scheme. We have to make sure that the schemes we put forward are viable and affordable and that we can meet the business case.

Q12 **Steve Double:** I hope that one of those schemes might be the resilience work on the south Devon railway line. I am sure you are aware of the issues there.

Andrew Haines: The Secretary of State has made it very clear to me that we must do everything possible not to let what passengers faced in Dawlish in 2014 happen again.

Q13 **Steve Double:** It is good that you have got that message; I am encouraged by that. Why do you think the Government have taken this new approach on enhancements?

Andrew Haines: It is a combination of two things. If we roll back the clock to maybe four years ago and the start of CP5, what the country and Network Rail were faced with was a very large agenda of schemes, many of which had been approved at a relatively early stage in their development, so we did not know their true cost.

There was an assumption that any cost overrun could be funded by the scheme going on to the regulatory asset base, which is the normal method in the private sector regulatory environment. Indeed, the operator gets a rate of return on that so everyone is happy. Suddenly with reclassification there was bound to be a restructuring of how those schemes were funded.

It is an entirely logical response to the fact that you cannot keep authorising schemes before you know what they cost. You cannot assume that there will be an endless sum of money, when the money is coming directly from taxpayers and has to fight for funds with other cases.

Q14 **Steve Double:** Do you think the new model will make it more difficult to deliver enhancements? Is there a danger that enhancements will get drawn more into the political process?

Andrew Haines: It could. It would be disingenuous to say that it is not a risk, but equally what it can do is provide real drive to get things done. There is clarity. Ministers do not like to be surprised, not unreasonably. If Ministers are committed to a scheme at £X and it comes in at X times £X, not surprisingly they lose confidence in the organisation or the industry. Part of that is not about poor management in Network Rail; it is about committing at too early a stage in a project. I can see that there are some risks from political interference, but I also think it can allow for real sponsorship of schemes when people know the true cost and they drive to that.

Q15 **Steve Double:** The first part of my question was whether you think the model might make enhancements more difficult to deliver. Do you think that is a danger?

Andrew Haines: Theoretically, it is probably possible. There is a danger, but we need to put mechanisms in place so that it is not, because I see value in it as well. I suppose I am trying to be honest and say that you cannot eliminate that risk, but it seems to me a very manageable risk, provided you bring transparency to the costing process and do not ask Ministers to sign up before they really know the true cost of something.

Q16 **Chair:** One of the issues we saw in CP5 seemed to be mission creep, where you start off on something but you have not adequately scoped or costed it. On the transpennine upgrade, do you think the scope of the project is clear?

Andrew Haines: It is still in iteration. Indeed, there will be conversations with the board of Transport for the North this week; the meeting is on Thursday. It is a good example of where there is a potential misalignment between everything everyone would like to do and available funds, and indeed the scale of disruption that would be caused by doing everything people want to do.

The transpennine route upgrade would probably be the largest redevelopment of an existing railway in this country since the west coast main line, in terms of level of intervention. Virtually none of it is currently four-track, so the ability to do it without significantly disrupting passengers will, to a certain extent, temper what people will want to do.

Having come to it relatively late in the day, it feels to me like a project where, if we had thought more clearly about our desired outcomes at the outset, we might have made a little bit more progress. As it is now, there are expectations of what it should look like rather than what it should deliver. That is a bit of a running theme for me.

We must conclude conversations around enhancements based on the passenger outcomes we want. Do we want to prioritise capacity or journey time improvements? Very often, it is hard to get both. The solutions will be different. Do we want electrification because we are interested in carbon or because we think it automatically gives better journey times, for example? There are other ways of delivering the passenger benefits.

Q17 **Chair:** We have had quite a lot of conversations about electrification in this Committee. Obviously there is a significant up-front cost, but the evidence suggests it can deliver significant benefits and should be part of railway modernisation. Do you agree that electrification has a role to play?

Andrew Haines: It definitely has a place, but if, for example, your priority on the transpennine route upgrade is additional capacity, electrification does very little. If we are saying that we have a finite pot of money and that we have to face hard choices, electrification would not be the way you would naturally go to get a significant uplift in capacity. If actually what you want is better whole-life costs, increases in journey times and the carbon footprint to be very different, you might well choose electrification.

I am not in any sense anti-electrification; I live on a route that is currently benefiting from it. I am simply saying that, if we are clearer on the outcomes we want, it might drive us to a range of solutions.

Q18 **Chair:** Do you have clarity on what those priorities should be in strategy and what you are trying to deliver? Do you have clarity on what the outcomes need to be? It would be a bit strange if one of the outcomes was not a reduction in carbon emissions.

Andrew Haines: As we know, it is about relative priorities. Let's take that route, for example. If you have a limited amount of funding and a limited amount of time to disrupt the railway, you say, "What is it that people really want from that route?"

I was involved on the margins of the introduction of the new trains there 12 years ago. Very unfortunately, because of changes to emission standards, we could not grow them from three-car to four-car trains within a year or so. We were faced with a capacity problem within a year or 18 months of the brand new trains being delivered, because of an unexpected change in standards on diesel emissions. We could not buy that train any more.

If you say, "What I really want to do is significantly increase capacity between Leeds and Manchester, and I am prepared to do that even if the journey time does not improve," that would drive you to one solution. If you say, "No, what is really important is the competitive journey time between Leeds and Manchester," that drives you to another solution. If you say, "I want both," it drives you to a very different cost base. It is right that those issues are debated with Transport for the North and by the Secretary of State, but we as Network Rail have to be very careful about not assuming we know which are the right priorities for passengers in that area.

Q19 **Chair:** Is it clear who you are responsible to in that circumstance? Is it the Secretary of State? Is it Transport for the North? Do they agree about the outcomes they want?

Andrew Haines: My colleague Rob McIntosh is in very close dialogue with both parties. It is clearly a decision for the Secretary of State, but his Minister for State Jo Johnson attends the meetings with Transport for the North, and I sense that there is a real will to crack on with this and get to a resolution. There is a process to get that clarity.

Q20 **Chair:** Is the budget envelope clear? Do you have £9 billion to achieve whatever the transpennine upgrade looks like, or is that not the starting point?

Andrew Haines: No. My understanding is that it is a figure that has been talked about for the whole of the enhancements. The figures that have been talked about more broadly for transpennine, if you look at the published reports, are in the region of £3 billion.

Chair: That was my mistake. We want to touch on Network Rail's finances a bit further and the role of private finance.

Q21 **Huw Merriman:** Mr Haines, Network Rail has an outstanding debt of £52 billion, which has gone up £5 billion in the last financial year. Servicing that debt costs around £2 billion. How do you see that debt, going into CP6? What obstacles will servicing the debt have for further investment in the railway?

Andrew Haines: Fortunately, in CP6 we will be grant-funded to service the debt. It is ring-fenced funding, so, when the regulator and indeed the Government established the funding for Network Rail, they looked at the funding for the operation, maintenance and renewal of the railway and then separately looked at funding the historical debt.

We will be specifically funded to service the debt. Secondly, all future funding will be from grant, so that the debt does not continue to grow. It has now reached its peak. We are looking to convert some of that debt so that over the period of CP6 we should see a significant reduction in it.

I can honestly say that I do not think it in any way drives behaviours in Network Rail because it is a function of a change in model and the way that the funding both of the servicing and the future debt has been arranged. It is a pleasant surprise.

Q22 **Huw Merriman:** Taking that as you have described it, I noticed an announcement today that your commercial estates arm sold off some of its estates business for £1.46 billion. Will the moneys from that go back into your day-to-day infrastructure enhancements, or will it go to servicing the outstanding debt?

Andrew Haines: The money realised by the transaction announced a couple of hours ago is part of a commitment that Network Rail made in 2015. You may remember the Hendy review, when Sir Peter Hendy looked at the scale of enhancements and identified that the number and cost of the schemes were way beyond Network Rail's funding envelope. As part of bridging that gap, Network Rail committed to finding £1.8 billion overall of assets to dispose of to help fund those enhancements. The £1.4 billion is part of that commitment of £1.8 billion to fund enhancements.

Q23 **Huw Merriman:** In that case, it goes to the railway rather than to the Exchequer.

Andrew Haines: It does. It may go via the Exchequer, but effectively it was part of the commitment of additional money funded by the Government and then money found by Network Rail. It is being used in the Network Rail portfolio to fund enhancements that would otherwise have been unfundable.

Q24 **Huw Merriman:** You said you would fund part of it, and this now goes to it.

Andrew Haines: Indeed. Yes.

Q25 **Huw Merriman:** With regard to the estate, are there plans to make further sales? What are your views on disposing of railway stations that, in some parts, are as much a cathedral to shopping as they are to do with travelling by rail? Gatwick airport, for example, owns all of its footprint with the exception of the rail station. What are your views on further disposals, particularly your train stations?

Andrew Haines: I have a very pragmatic view of these things. I want to see more money invested in the railway and I want us to use it wisely. If we can find partners that allow us to bring additional finance into the railway without jeopardising operational integrity, I would be very keen to explore that with them. It has to be value for money. It has to work for both parties. What we have seen thus far, when it has been explored, is that the risk appetite may not have been there and maybe some of the protocols in Network Rail did not facilitate it.

My predecessor commissioned Peter Hansford to do a review, as you may know. That was published in 2017, and there is now a programme called Open for Business which is just getting off the ground. It is saying, "Here are opportunities for third parties to come in and invest." As part of that, I would be very happy to talk to people about what would be involved in transferring ownership and what would be the benefit. Again, it would be on the side of passengers. What is the benefit to passengers of releasing that?

Q26 **Huw Merriman:** You would not rule out, as a point of principle, disposing of certain stations. Do you think there is something to be said for having a more nimble organisation focused on the delivery of track rather than on a big commercial estate?

Andrew Haines: When I got my first job on the railway in the 1980s, British Rail was in the process of disposing of British Transport Hotels. I do not think anybody would suggest that many of those hotels miss management by British Rail. There has been a long-standing practice of saying, "Hang on, what is really core to the operation of the railway?" As I say, I am very open to that.

I am not sure that running stations is non-core during disruption, if we need to extend the station. We would need very clear parameters if it was about the real operation of the station. How would you ensure that you are providing improved services for passengers and that you do not restrict your ability to grow? Operational stations are not easy to do, but there is a long track record of building alongside and above stations. That is the logical place to start, and conversations are already taking place about that.

If people have innovative ideas about how they could run a station, and they are able to run it better than Network Rail, obviously, subject to protecting the employment of my employees, I would be very happy to talk to them about that.

Q27 **Huw Merriman:** Working on the basis that you are still operating your stations—going slightly off tack, if I may, but not too far—let me address step-free access to stations and helping those who have mobility issues from disabilities or because they are with young children. There is still a long way to go. One can see the downside if the passenger is not first and foremost; if it is not being run by Network Rail, it may not be as positive. What more could Network Rail do to deliver a better service at stations for passengers who may be more vulnerable?

Andrew Haines: There is quite a lot we can do. We can show an industry role, for a start, in helping to bring the industry together to provide a better service. It happens to be something I was considering over the weekend in correspondence with Baroness Tanni Grey-Thompson, who is a passionate advocate on the negative experience of passengers on the railway. I do not think we have moved anything like far enough in the use of mobile technology to make those journeys easier.

If we can reduce the costs of installing step-free footbridges, that would be quite transformational. Where we really struggle as a network is with platforms, because we are a mixed railway. For example, if you visit some of the Thameslink platforms at London Bridge, you will see that parts of the platforms have ramps. They are fixed ramps because only one type of train uses that part of the network, so you can guarantee where the doors will stop and you can adjust the network.

On a platform that has any number of different trains, it is very difficult to create that without creating a hazard. This is an area where I and our chairman, Sir Peter Hendy, are both very passionate about trying to drive forward an industry agenda. We do not think we have made the progress we ought to have made.

Q28 **Huw Merriman:** My constituents in Battle will be particularly happy to hear that. Let me go back to the private finance. Network Rail is looking to raise £1.5 billion in private finance in CP6, as I understand it. Do you see the level of contribution from the private sector increasing over time? Is this the start of the ambition?

Andrew Haines: I do not think you could have a Secretary of State before you who would say he has more money than he knows what to do with on Britain's railways. The need for investment is very real and very acute. If we can find a value-for-money way of harnessing the private sector for investment—the Treasury will absolutely rightly be all over that to ensure that we are not getting money today that we end up paying for at extortionate rates—it is something I want to pursue. In particular, I want to understand what impediments Network Rail put in place.

I have already heard from LEPs—local economic partnerships—who say, "We have this money, but we find it impenetrable to get to Network Rail." My predecessor heard this story, which is why he set up Open for Business, but it is really only just getting off the ground. I am not at all doctrinaire on these things. I think you can be a nationalised industry and still want to use private finance to supplement your core expenditure.

Q29 **Chair:** There are a couple of things I want to follow up with you, Andrew. One of the problems in the railway is fragmentation between different parts of the railway and lack of joined-up thinking. In relation to accessibility, what is the point of having step-free access in the station if you then cannot get on to the train because there is no step-free access to the train? Is there anything in the work you intend to do that can bridge that gap between different parts of the railway?

Andrew Haines: If you said to somebody who faces multiple obstacles, "Would you like me to remove half the obstacles?", they would say, "Yes please." There are too many people, particularly wheelchair users but also people with significant mental health issues, who find public transport alienating. That is something we did quite a lot of work on when I was at the CAA. I would urge us not to be dismissive of small steps, first of all.

Secondly, it feels like one of the issues where Network Rail can show leadership for the rest of the industry and corral people together. I cannot really put a lot of flesh on the bones of that; it is much more of an instinctive feeling at the moment, but we have a responsibility as an operator in the 21st century to address legitimate concerns. It is not always possible because of this mix; you have to make safety trade-offs and you have to make investment trade-offs, but there are fundamental things about how we engage with people with accessibility issues and how we get best value for money.

To give you a small example, there used to be a scheme called Access for All. The train operator element of that money was capped and you had to get match funding for it to be released. The Network Rail scheme was very different, because at the time it was RAB money. If you look at the relative value for money that was achieved by saying, "Here are small pots of money that you can use to acquire match funding," the value generated by that was very much greater than it was if you simply gave it to a large organisation such as Network Rail, or anyone else for that matter, and said, "Spend this money until you run out." I will be looking to work with other parties to see where we can bring contributions in and then justify that.

Q30 **Chair:** If you want an example of where Network Rail and operators are not working together terribly well around accessibility, go and have a chat to Jake Kelly about what is happening with the lifts at Nottingham station at the moment. I will leave it there.

Andrew Haines: He is an ex-colleague, so I will do that. Thank you.

Q31 **Chair:** The other question was to follow up on the sale of assets. Obviously, you can only sell your assets once. What is the annual loss of revenue arising from the £1.46 billion of asset sales?

Andrew Haines: It is around £70 million at the moment. We will be forgoing about £70 million-worth of profit to realise the £1.46 billion.

Q32 **Chair:** One of the significant issues that came up during CP5 was about efficiency and financial performance. It fell far short of where it needed to be in CP5. What are you going to do to turn round the performance of Network Rail in CP6?

Andrew Haines: It is a great credit to my predecessor first and foremost that he approached the CP6 settlement very differently. Historically, Network Rail made assumptions about the cost per section of rail or per signalling unit and then multiplied that by the amount of work they intended to do. That has led to some very significant disparities.

What has happened for CP6 is that the individual routes—the eight routes that own the physical geography—have all used building blocks to work out what is needed. That has then been knocked back a bit, inevitably; there is a negotiation with the regulator, just like any other financial settlement.

First of all, we are much more accurately scoping the work. Secondly, the routes own the detailed programmes to deliver the efficiencies. I have not yet had time to go through all of those plans myself, but I have had time to talk to each of the route managing directors and confirm with them that they really believe that those are deliverable. If you had talked to their predecessors five years ago, they would not have been able to give that assurance because they simply did not have the plan. It was a top-down plan. This is a bottom-up driven plan.

Q33 **Chair:** You feel you can give us assurance, albeit that things have been knocked back a bit by the regulator, as you put it, that they are still deliverable.

Andrew Haines: I think they are. What I know is that the draft determination from ORR gave some very significant challenges. We have gone back to ORR with a counter-proposition that gets ORR to most of where they want to be but not quite as far. We could deliver that settlement. It will be stretching and challenging, but we could deliver that.

ORR might choose to accept our view. If they choose to go beyond that, I cannot give that assurance at this stage, but it is fair to say that the delta between us is not enormous.

Q34 **Chair:** One of the things that is due to happen in CP6 is that Network Rail will contest contracts with third parties for infrastructure work. Can you describe in what sort of projects third party contestability might take place, and how that process will actually work in practice?

Andrew Haines: Forgive me if I cannot talk about the process in detail at this stage. The idea behind contestability is to test, in the absence of any other form of benchmarking, whether or not Network Rail is really providing value for money in a scheme and, in doing so, generating more output for the same overall funding settlement.

We are looking at schemes where much of the work can be delivered without too much interference with the existing running railway because that tends to drive a risk profile, and that in itself can tend to drive costs or can tend to drive people away from wanting to take a risk.

The sort of schemes we have talked about—indeed, there is a publication about to come out in the next day or so, if it is not already out—are the western rail access scheme to Heathrow and the Felixstowe loop, where much of the work can be done without impinging on the day-to-day railway. That is simply because we think that might be more attractive. It is not because it is the only thing we are interested in, but it seems a logical place to start.

Q35 **Chair:** Is that where it is building new infrastructure as opposed to working on the existing infrastructure?

Andrew Haines: It is building new infrastructure that connects. For example, 80% of it can be done in parallel, so you are allowing the third party to take on a project without having to absorb the full risk of the operational railway.

Q36 **Chair:** Is that where you see third parties coming in? It is not work on the operational railway for the most part, because of the issue about being able to take on responsibility for risk.

Andrew Haines: No, I do not see it limited to that. I think it is a logical place to start, because why make it even more complicated to do?

Q37 **Chair:** Does that mean you see their role increasing over time?

Andrew Haines: It depends if it is value for money. That is the point. What you would hope is that Network Rail would learn and we would be able to sharpen up our own act and benchmark ourselves against that. It is one of the benefits that will come from devolved regulatory structures. For the first time, we will have the ability to compare actual cost delivery route by route.

In the regulated utilities, whatever you think about the privatisation model, observers would argue that benchmarking comparative costs has driven down prices and given value for consumers. You can set ownership entirely aside, but the regulator and independent economists would say that the ability to benchmark more than a dozen water companies in this country has been really powerful and useful.

We can do some of that internally by devolved route settlements, but if we have to do some of it only by bringing other people in, and we are serious about being on the side of the passenger, we would not want to protect Network Rail for the sake of its being Network Rail.

Q38 **Chair:** Do you have a target for what proportion of the infrastructure improvements will be done by third parties?

Andrew Haines: I don't, because until we have worked out how much real appetite there is, and they have demonstrated they can do it more cheaply, that target could be perverse. At the moment, my target in the short term is to get some of them actually happening as opposed to talking about them.

Q39 **Chair:** Do you think there are any concerns about the implications for safety standards? I am not saying this happens on the railway particularly, although I suspect it does, but one of the ways of cutting costs is to reduce staff costs. You might have people on zero-hours contracts. I know that is an issue on the railways. Is there a danger of those sorts of problems? How will you ensure that standards are maintained?

Andrew Haines: That is a very fair question. We already have protocols in place for our own contractors. When it comes to safety standards, we would expect people to comply with similar standards. We do robust auditing of our current contractors, and I think we would see something similar happening.

We have to be careful that we do not prescribe exactly how they do it. We would end up creating a replica of what we do today. We need to be able to assure ourselves, and indeed the individuals involved, that their safety is not compromised because people are cutting corners. I am confident that that ought not to be an impediment.

Chair: We touched earlier in the session on the reliability of the network, which is obviously absolutely critical for both passengers and freight.

Q40 **Steve Double:** I want to focus particularly on delays. Typically, around half the delays on the network are due to Network Rail, and for some franchises it is as high as 68%. What exactly can be done in the forthcoming control period to ensure that delays due to Network Rail's area of responsibility are kept to a minimum?

Andrew Haines: I was always taught when I first started working in traffic management on the railway that there are only three things you can do. You can plan not to fail; you can fix it quicker; and you can manage around it better. The first and the most important thing always is to plan not to fail. That is about the reliability of your assets and the reliability of your train plan.

Network Rail has made really good progress on asset performance over the last five years. There has been something like a 15% reduction in the number of incidents caused by asset failure. Indeed, the train fleet performance has been similar. The problem is that the train plan itself has been less robust. We have been taking longer to fix it and we do not manage around it better. There is a whole host of things we can do. Would you like me to elaborate at this stage on those things?

Q41 **Steve Double:** Yes. Could you give us some context and examples?

Andrew Haines: First of all, we have to make sure that the train plan is genuinely robust and reflects the true time of how long it takes trains to pick up passengers at stations. We then have to make sure that we are resourcing it properly.

We have to build again some of the skillsets for how we manage during disruption. If I was to be honest, I would say I have been quite surprised at the loss of skills in the operation of the railway, as opposed to the maintenance and rebuilding of the railway, that has taken place. It is not just at Network Rail but with train operators as well. We pay some of the price for that.

For example, in Network Rail we have over 200 fantastic apprentices every year, but we have never had an operations apprenticeship scheme. We are building the maintenance and engineering capability, but we have not had the same approach to operational impact.

We have to get much better at analysis. On a route such as the Thameslink route, of all the delay caused probably less than 20% is caused by what we would call primary delay—delays that have been identified and route caused. The vast majority are delays of less than three minutes, which are not properly investigated. They are called sub-threshold delays and therefore they are not part of the analysis—the investigation. The next are reactionary delays. We have to get much better.

Brutally, 10 years on, we have much better control, intelligence and insight into our infrastructure, but as an industry, and as a network, the quality of our performance analysis has not moved on at all even though we are running a more congested network. It may sound like a bit of an easy win, but real analytic approach to every delay is a fundamental foundation. I do not think we have been paying enough attention to that as an industry over the last decade or more.

Q42 **Steve Double:** Do you have any specific targets in the next control period with regard to delays where Network Rail is culpable?

Andrew Haines: It is a very fair question, but I cannot, in all honesty, answer it. I could talk about incidents, and there is certainly a target in CP6 for the number of incidents.

The problem is that the number of delays generated by an incident in any one circumstance is a function of the train plan, our ability to manage around it and the resourcing of the train company. For example, if you delay a train by five minutes and it has a three-minute turnaround at the end of its journey, it will automatically be delayed on the way back. If it has a seven-minute turnaround, it might have a chance of being on time.

That is part of the problem. One of the reasons we have seen a consistent decline in train service performance is that we have not been monitoring the true drivers of performance at a sufficiently granular level to allow us to know what the right interventions are. I could spend hundreds of millions of pounds of public money on stopping the infrastructure failing, but if the failures I still have cause disproportionate delay, I might be better off using that money elsewhere in the industry system, or driving a different set of behaviours.

It is an area of very urgent priority for me. I have already started talking internally and externally to colleagues in the sector about how we build that capability. It will be essential if we are to drive performance and answer your very reasonable question about what we can reasonably expect with any real confidence, as opposed to a best estimate.

Q43 **Steve Double:** I accept your point about targets for incidents and not for how many delays that creates. Can you tell us about the target for incidents, and how much of an improvement it is over recent experiences?

Andrew Haines: In CP6, the target is that there will be 15% fewer delayed trains. That is the way the target is currently articulated. If I have misremembered, I am very happy to clarify that in correspondence, but I think that is how the target is expressed for Network Rail in CP6.

Chair: We have already touched on the importance of devolution in routes and the restructure of Network Rail under Mark Carne's tenure. Graham is going to take us forward.

Q44 **Graham Stringer:** Before I do, with your permission, Mr Haines, I would like to take you back to a couple of questions that Lilian asked, and one question in particular about the sale of assets. I think you said you had £70 million income from those assets. Is that right?

Andrew Haines: From the assets that have just been wrapped up in the sale, yes.

Q45 **Graham Stringer:** How does it make sense to sell assets that are bringing you in 4.5% when you cannot invest to get more than 2.5%? How is that a rational decision?

Andrew Haines: Because it was a commitment given, and, without that sale of assets, the choice would have been not to invest in enhancements.

Q46 **Graham Stringer:** Can I put some words in your mouth? The Treasury are forcing you to sell assets at an overall loss when you take the capital and revenue together.

Andrew Haines: No, I am not saying that. I am saying that in 2015, when the industry, as part of a settlement with the Treasury, was asked to identify funds, this was seen as the best way to identify those funds without harming passengers.

Q47 **Graham Stringer:** Apart from saying that the Treasury forced you to do it, you have not answered my original question about how it makes sense to sell assets that are bringing in 4.5%. You can borrow more cheaply. The Treasury can borrow a lot more cheaply.

Andrew Haines: If you did not have the borrowing headroom, that would not have been an option available to Network Rail at the time.

Q48 **Graham Stringer:** I tried to put some words in your mouth: that the Treasury are forcing you to make a financially nonsensical decision.

Andrew Haines: I was not there at the time so I do not know whether or not that was a forced decision or whether it was volunteered. I cannot comment on the discussions that led to it. What I can say is that, having committed to that, I think the team have delivered a good result, and, having committed to it, I think it is right that we see it through.

Q49 **Graham Stringer:** I understand that. It was about the origin of the decision really.

You have had a lot of experience in transport, running a train operating company. How will you use your experience of running a train operating company? What lessons did you learn doing that that will help you with running Network Rail?

Andrew Haines: I made it very clear right at the outset that, as far as I am concerned, I am on the side of the passenger. I think it is very helpful for a start that we as Network Rail think day in, day out about what is in the passengers' interests. Again, for "passengers" please take as read "users of freight services."

Secondly, I had my most successful experiences as a train operator when I worked in partnership. I tried to blur the boundaries between track and train. Perhaps blur the boundaries is not the perfect phrase, but I tried to work closely and in partnership with my Network Rail colleagues. When I was at South West Trains, we opened the first integrated control centre since privatisation. We did it with local colleagues, with not a huge amount of support from the centre of Network Rail at the time. Together, we developed a case for a fundamental rewrite of the timetable.

Focusing on the passenger and actually being prepared to partner to get the right outcomes would be some of the principles. The third thing is the dynamics of how the industry works and what it takes to deliver a reliable service.

The fourth thing is that I think there would be value in joining up the revenue and the cost side of the railway in people's minds. I am not necessarily talking about a structure; I am not talking about privatisation or nationalisation.

At the moment, we have train operators who are rightly focused on growing revenue, and at Network Rail that is a very significant percentage of the cost, and there is no real relationship between them. We make decisions sometimes, such as closing a line for engineering works, without really giving sufficient attention to the revenue impact. The revenue is the tangible impact on customers—passengers.

Q50 **Graham Stringer:** That will lead nicely on to what would have been my next question, but, before I get to that, let me ask this. When you were running trains, what was your biggest criticism of Network Rail?

Andrew Haines: That it was too centralised and too detached from passengers and from its customers who were the proxy. I am not going to say who, but I can remember one chief executive of Network Rail saying to me, "I only have one customer and that is the regulator."

My response was, "I don't really care that you say that; the worry is that your organisation knows you think that." If you have an organisation where the chief executive is proud to say that the only customer is the regulator, I think that drives a set of behaviours. That used to frustrate me. Despite that, I always found good people I could work with.

Q51 **Graham Stringer:** You have said a number of times, and it is certainly a worthy aspiration, that your prime motivation is to give a good service to the service user, whether it is a passenger or freight. How will you do that when, in actual fact, you are negotiating with train operating companies and freight companies, not the passenger? How will you change that from whoever the predecessor was who said that? How will you deliver that different philosophy?

Andrew Haines: A very fair question. For starters, for much of the time train operators are a really good proxy for passengers because their passengers drive their revenue base; not always but for much of the time train operators are incentivised to deliver products their passengers want. They are incentivised to deliver improvements by the national passenger satisfaction survey. They are incentivised to grow their own revenue, so, much of the time, by listening to them, you can help.

Secondly, it will be by actually asking for evidence of things. If there is a plan to do engineering works, for example, and there is a way that may suit the train operator but that we think is too disruptive for passengers, we ought to have a dialogue about why that alternative mechanism, why that bus service and why not that diversionary route. We have a good body of evidence for what passengers want, alongside the train operators. Time and time again, my presumption will be, most of the time, that you go to the train operator and ask them, and have a dialogue about it.

Q52 **Graham Stringer:** The Secretary of State wants to bring train operators and track together. I don't think anybody thinks it is not a sensible objective. Can it be done?

Andrew Haines: Yes, I think it can be done.

Q53 **Graham Stringer:** It was tried in the south-west. This Committee has been told that Mark Carne was not keen and that it did not really work. How would you make it work, particularly as the first trial appears to be on the east coast main line, which has about a quarter of the train operating companies on it?

Andrew Haines: I read the transcript of the Secretary of State's session with the Committee at the end of July. I was relieved that he said he would not start with the east coast as an obvious place. What the east coast demonstrates is that you have to have different models.

I have spoken to various of the players in the South West Trains-Wessex deep alliance, as it was called, as to why that did not work. There was a perception of lack of support. The financial issues around the performance regimes were never properly rebalanced, and quite a lot of Network Rail central cost was driven down to the route, which did not make a lot of sense for the train operator.

We have to tackle all three of those things if we are really going to make close alliances work. If we devolve more of the centre of Network Rail to the routes, they will have greater control over some of the costs. Ironically, one of the benefits of the east coast partnership, with both parties being in the public sector, is that it may allow us to think again about the performance regimes without the private sector being nervous about the risk. To a certain extent, we could potentially experiment with what different regimes might do for different behaviours and different outcomes.

We then have to demonstrate real commitment from the top to make it work. I am a great believer that you can write whatever you like in a contract, but people need to see the leadership behaviour to support it, and that is what they take their drive from. It is all three of those things.

Q54 **Graham Stringer:** What you are talking about really is good will from all parties, isn't it?

Andrew Haines: As one of the contributions, yes, absolutely. You cannot impose this on individuals.

Q55 **Graham Stringer:** Do you think, given good will, that you need one person or one decision-maker in charge if you have an integrated system?

Andrew Haines: Do you mean overall for the whole industry or within an area?

Q56 **Graham Stringer:** Within an integrated track and operator system.

Andrew Haines: I think you need somebody. Somebody needs to be accountable. There are trade-offs that have to be made, and ultimately somebody has to make those difficult decisions. You can try to make as many of the decisions as you can at a disaggregated level, but every now and again something comes up that means you need somebody who will have sole accountability.

Q57 **Graham Stringer:** If you read the transcripts of the meeting with the Secretary of State, and with officials on a previous occasion, the question was asked time and again about how to deal with conflicts of interest between freight and the different rail operating companies. It was not just conflicts of interest but that there would be interested parties making the decision. It did not seem to me that there was a sensible or comprehensible answer to that question. What would be your answer to that question?

Andrew Haines: It is one of the things we already have the building blocks for. When the railway was privatised, there were two parts of the architecture: the bilateral contracts between the individual operators and the infrastructure provider, now Network Rail; and the multilateral contract, which has been transformed into the network code.

We have the architecture already, which is the network code. It was always designed to protect in cross-industry issues. I think the network code can provide the basis for dealing with some of those issues.

The other thing is transparency. I know I have gone on about that a lot but it is important. If the freight company thinks that there are decisions in smoke-filled rooms that might be disadvantaging it, where it has no visibility and transparency, that will breed mistrust even if it is not being disadvantaged. You need very clear transparency of decision making and a network code that means if, having had a transparent scenario, operator X feels they are disadvantaged, they have the basis on which to challenge a decision. My experience is that most of the time that is not necessary, but the knowledge that there are those pieces of infrastructure is important to the jigsaw.

Q58 **Graham Stringer:** Is more fundamental reform required to the structure of train operating companies and Network Rail?

Andrew Haines: More fundamental than?

Q59 **Graham Stringer:** Just working together.

Andrew Haines: It depends how far we go on working together. There is recognition now that there are benefits from different models. I hesitate only because I think there are multiple things that need to be explored. I certainly think the time is right for there to be an open debate. If you look at some of the articles that people from train operating groups have put in the press recently, they recognise that this is the time for a dialogue around that.

The reason I hesitate is that the railway is still delivering phenomenal results in parts of the country, and doing it within the existing construct. We have had a doubling of passenger numbers since the 1990s. It would be very easy to go very introverted and spend a lot of time thinking about how we might reshape ourselves. We could spend several years on it, maybe deciding that it requires primary legislation. Who knows when that might find a slot in parliamentary timescales? In five years' time, we will be doing something because somebody wanted to experiment.

It is a bit like what I talked about earlier on. What we would benefit from is an honest conversation now about what is not working well enough for passengers in the way we are structured, and what are the options to deal with that. Are there solutions that would allow us to do some of those things much sooner rather than later? I suppose I am nervous about a best being the enemy of the good scenario. Passengers would not want to wait four or five years to be told that things might get better if we backed the right horse.

Q60 **Graham Stringer:** I have taken a lot of time, but I have two final questions on devolution, if I may. How do you think devolution is progressing? What do you think its successes have been so far, and what needs to be the next step?

Andrew Haines: We have only really started on a devolution journey. This is the one area where I probably have a slightly different tone from my predecessor. We have made a good start, but there is still a long way to go. We had a devolution, but it was to a templated organisation, so the route managing director had to have exactly the same organisation, for example. A lot of the approvals are still required centrally.

There are a lot of tasks. If you want to book somebody on to a training course, you have to get somebody from the centre to provide it for you. It does not yet feel to me like a fully devolved organisation.

Q61 **Graham Stringer:** The Government have kept a veto, in effect.

Andrew Haines: I honestly do not think it is the Government at all.

Q62 **Graham Stringer:** You don't.

Andrew Haines: No, I absolutely do not. I think it is the pace at which Mark reasonably judged we should go. My only issue with that really is that we talked it up more than perhaps we delivered. There was merit in him being cautious, but sometimes we have oversold how much devolution there has been.

You asked about benefits. In some places there is really close proximity with customers—for example, on the south-east route. I know you had John Halsall here on your timetabling review recently. John attends the boards of the operators for Southeastern and Southern. He understands their business drivers. He understands the passenger feedback. That allows a much more responsive approach to fixing problems.

Q63 **Graham Stringer:** The claim for devolution is that it will give great efficiency and effectiveness. Do you think there is any evidence for that, or that it will eventually deliver it?

Andrew Haines: I think devolution will give greater efficiency, providing we are serious about it and we get real benchmarking. I come back to my point that to be able to really benchmark you are going to have to give up a lot of the cost to the routes. We will allow more innovation if you do not need as much central control. We will make individual routes much more accountable for responding to local funders, for example.

In the different dynamics of Scotland, Wales, the north and the midlands, you cannot really respond to those legitimate regional stakeholders if you try to retain so much at the centre, or indeed try to drive so much of the policy from the centre.

Q64 **Chair:** Following up on a couple of those things, you talked about the importance of innovation. The thing about innovation is that sometimes you try new things and sometimes those things fail. To what extent do you think that is possible in an organisation that, as you have acknowledged, is primarily funded by the taxpayer?

Andrew Haines: Some of the software companies say that they aim to fail but fail fast. The worst thing of all is to fail slowly, and in doing so spend very large sums of money. One of the benefits of devolution is that you can do some small-scale activities. I am a supporter of the core valleys lines transfer to Transport for Wales. If a funder there thinks they can do a better job, that would be useful. It is a relatively ring-fenced impact. My parents will not thank me for saying that, but that is the sort of small-scale activity that allows you to do things.

It seems to me that you cannot really talk about innovation if you are talking about 10-year timescales. We have to find a way of being much more agile.

Q65 **Chair:** The other question is in response to Graham's questions about fundamental reform, or what you would want to change. You suggested that there was a range of models that you might like to see explored. What models do you think it might be useful for us to explore if we are to have a more effective railway? The Secretary of State acknowledged when he was in front of us that the fragmented set-up created in the 1990s is not fit for purpose any more.

Andrew Haines: There is a range of different things. If you were to look, for example, at some of the performance outputs driven by some of the TfL concessions, you will see that a different set of incentives drives a different set of performances. I talked about Southeastern. The dynamic there, with no formal structures at all but just having people with very aligned behaviours, can drive a certain set of activities. The Cardiff valley line is another example of where we can try different structures.

I do not think we ought to be timid about having various experiments, as long as they are very clearly defined and the desired outcomes are clear right at the outset. It is why I am comfortable with the east coast partnership being an early example, even though it is probably quite atypical, because there are other parts of the railway like that where we would have to make alliancing work in that way. We are already thinking internally, for example, about how we will respond to the East Midlands Trains franchise and the level of integration of activity we could offer. But as Network Rail we cannot really determine that until we understand the outcome of the bidding process.

It will depend as well on what risk appetite wants to be transferred. That is not a decision for me; that is a decision for politicians. I would certainly be looking to pursue several experiments simultaneously in the early phases rather than assume that we have to wait for a big legislative change.

Q66 **Chair:** Do you think experimentation is going to form part of the rail review? Have you had any discussions with the Secretary of State on that that you could share with us?

Andrew Haines: It came up in my meeting with him today because, of course, it was in the press, but unfortunately he was not very forthcoming.

Q67 **Chair:** You know no more than us.

I want to touch briefly on the digital railway and improvements to signalling. It could be hugely significant in dealing with some of the capacity constraints on the network. Your predecessor described it, I think, as “the biggest transformation since steam to diesel.” That may be the case, but there does not seem to be any specific allocation in the statement of funds available. Should more money have been put in to accelerate its implementation? What are we going to see in the next five years?

Andrew Haines: The one fact I like to leave people with around digital is that in the next three control periods—the next 15 years—two thirds of Britain’s railway signalling system needs to be replaced. For me, that is the fundamental driver of a decision on it.

If we do not make a decision in the next few years, we potentially risk losing the opportunity to reduce the operating costs and provide additional capacity, and we potentially increase journey times for probably two generations. It is that which creates the burning platform. It is not because new technology per se is around; it is the fact that, if we do not do it now and if we are not very careful, we will be sucked into maintaining conventional equipment for a long time, on certain routes anyway.

Signalling renewals tend to be quite bunched. In the last period, the Great Western had a lot of re-signalling. In CP6, there was very little re-signalling. The east coast main line south is now going to be getting a lot of re-signalling. Obviously there is the transpennine route upgrade, which is Leeds/Manchester and beyond, and Wessex; over the next 10 years, the routes out of Waterloo are all due for major sets of re-signalling.

This is a long answer, but please bear with me. Where we have got to with the funding settlement is that none of those was sufficiently well developed to ring-fence funding for it. We are having what we call early contractor involvement to allow contractors to see how we could drive down the cost.

Commentators like Roger Ford despair at the continual increase in the cost of signalling replacements. What we cannot do is buy the most expensive form of digital, because we have not really worked with contractors to find an effective way of costing it. If we can get early contractor involvement, we will know the true cost of replacing, and then we will have to decide if there is a business case. Is there a business case because Network Rail can make savings from not having to maintain line-side equipment, and the safety benefits of that, or is there a business case because the Government want to buy an extra 20% capacity on a line? Is there a business case because by doing digital there are other things you do not have to do to improve capacity?

It is one of the downsides of regulatory five-year settlements. You cannot always engineer the technology, the supply chain and the thinking to match perfectly. This is one where we will see a transition, but I think it will be the right thing, otherwise we could end up with a sum of money that might quite possibly bear no resemblance to what we needed. It might have been way too small or way too large. It is an accident of timing rather than any lack of commitment.

Q68 **Chair:** Are all the places where there are significant numbers of renewals where you would be looking to introduce digital signalling?

Andrew Haines: It is where the signalling is due for renewal and where there has been, or is likely to be, fleet replacement. Of course, you have to have the fleet fitted. On the east coast main line south, you have the Azuma trains coming in shortly and the Thameslink trains. The combination of those means that the cost of fitting the residual fleet, and the creation of freight movements on the trains, is much more manageable, as opposed to going to a route such as, in its existing form, the midland main line, which does not have that new fleet.

Chair: That is another story.

Q69 **Graham Stringer:** The Secretary of State seems to think that the pinch point of platforms 13 and 14 on Piccadilly station can be solved by digital signalling. Do you think it can? When I look at platforms 13 and 14, without going into technicalities, it does not seem to me that the congestion could be solved by signalling.

Andrew Haines: I do not want to go public on the figures, but I have been quoted very large sums of money to build additional platforms at Manchester, and you will know just how disruptive, difficult and lengthy a process that will be. When you see the sums of money for the alternatives, it seems that, if we can deploy traffic management, we might be better off replacing some of those fleets of trains with trains that have more doors. You will know that a lot of those trains are short trains with just a door at either end. If you can load people on and off more quickly, and you can introduce traffic management that does not require full digital signalling, you might be able to deliver more throughput without building another two platforms.

It is way too soon for me to give a definitive view, but I am very much with him in saying let's see if there is a way other than building two new platforms, because that will be very long to deliver and hugely expensive. I want to explore it, and some work has already been commissioned to help me understand whether we can deliver 15 trains an hour through those platforms.

Q70 **Graham Stringer:** When will that report be made available to you, and will it be public?

Andrew Haines: We will certainly want to share it with people. I cannot remember the date but I am happy to come back and confirm. It has only just been commissioned.

Q71 **Chair:** There are a couple of final areas to touch on. It would be a bit weird if we did not talk about the timetable changes, given the absolute shambles of the May timetable introduction. How will you be managing the changes coming in December? It has been scaled down significantly to what was initially anticipated, but how will you avoid a repeat of what happened in May?

Andrew Haines: First of all, what passengers in parts of the country, particularly in the north with Transpennine and parts of GTR, suffered was simply unacceptable. We should not as an industry have delivered an outcome that meant they faced those delays. In some cases, it is much better, but in other cases they still face service gaps.

The announcement of my appointment happened two days after the introduction of the timetable. The Secretary of State said to me, "Look, you are going to be inheriting this anyway so you might as well have a look at it and try to get to grips with it even though you are not employed."

I did a piece of work over the summer, working with the industry to look at what I thought—without looking too much into the causes of May—were the risks for December. It was clear to me that, unless we had taken action, there were more timetable changes that were dependent on infrastructure schemes that we could not have a high level of confidence would be available. In other cases, there were contractual and train crew issues as well.

I gathered evidence and presented it to the rail industry. I got a phenomenal degree of consensus and then we went to the Secretary of State and said, "Actually given where we are, here is a very slimmed-down proposition for December." That means that a lot of the benefits originally planned for December are now being deferred. I take no comfort from that at all, but we took a calculated decision that the risk of chaos, and it was quite a significant risk, was such that it was better for passengers to have a stable environment.

In some places, such as Scotland, the full timetable is still progressing. Elsewhere, it is a much more modest version. There are still pieces of infrastructure that need to be delivered, because the railway is changing all the time. Old Oak Common has to be handed over to HS2 for HS2 to work, so Great Western need somewhere else for their sidings by then. Trains are being cascaded from Scotland to the north, so gauging work needs to happen.

This is not a risk-free timetable and nor should it be, but we have now set up an industry process under Paul McMahon. He keeps a regular review of all the individual stages to make sure that we are bidding and offering the timetable to time, and that we are not losing any time—obviously that was a fundamental problem the last time around—and that the intelligence we are getting on rolling stock, crew availability and infrastructure clearance is validated.

We are also overlaying independent assurance on that, so seasoned industry experts, no longer employed, are going out and simply checking. If we say that electrification is likely to be live, you would expect some stanchions up by now. You would expect a catenary to be in place and that sort of thing. They are very simple measures, but they mean that we have a high degree of confidence, not just about December but going forward, that we are starting to reform the way we manage timetable introductions.

Q72 **Chair:** Is it about doing things right and allowing proper amounts of time, which is certainly what we heard in our timetabling inquiry, or do you think there is a case for wider reform of the timetabling framework?

Andrew Haines: Personally, I think there is a case for fundamental reform in two ways. To be candid, as I promised, I think the decision to centralise train planning in Network Rail, taken almost a decade ago, was what civil servants would call bold and short-sighted. The reduction in headcount that went with it was not appropriate. We now have a very committed team, but it is smaller than it was and it lost a lot of skills; as it was centralised, we lost people and capability.

Alongside that, a bit as I mentioned with train service performance, we are still running with a timetable process designed by our forefathers in the early 1990s when they were thinking about how the railway might work in a privatised, fragmented scenario. They did that against a background of declining passenger numbers and no real prospect of significant increase in investment, and the fact that we have not as an industry owned a change of that process is one of the contributory factors as to why we have ended up where we are. When you then try to introduce large-scale changes, the system was never designed with that in mind, so we have not properly validated how we could do it.

Q73 **Chair:** I am going to draw the session to a close, but I would be grateful if you wrote to me on a couple of matters. That would be really helpful. First of all, I would like to know what your priorities are around safety, what you think the key safety challenges are and how you are going to address them—particularly what you are going to do to continue the good work that has been done on trying to reduce suicides.

The second thing is your approach to managing a very large organisation employing a large number of people, as you have already acknowledged. How are you going to manage performance, and what are the challenges in relation to your workforce, both in relation to skills—perhaps how the development of HS2 is impacting on your ability to recruit and retain staff—and how you intend to ensure that there are good industrial relations? Of course, when there are not, it has a significant impact.

I am sure you know that in this job you won't get any plaudits when things go well, but you will certainly be in the firing line when things go wrong, including being asked to attend this Committee. We wish you well, and thank you very much for giving evidence today.

Andrew Haines: Thank you.