

Transport Committee

Oral evidence: [Rail timetable changes](#), HC 1163

Monday 22 October 2018

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[Watch the meeting](#)

Members present: Lilian Greenwood (Chair); Jack Brereton; Ronnie Cowan; Steve Double; Huw Merriman; Grahame Morris; Graham Stringer.

Questions 445 - 625

Witnesses

I: Rt Hon Chris Grayling MP, Secretary of State for Transport, Department for Transport; Ruth Hannant, Director General for Rail, Department for Transport; Peter Wilkinson, Managing Director, Passenger Services, Department for Transport; and Gary Bogan, Director, Rail North Partnership, Department for Transport.

II: Professor Stephen Glaister CBE, Chair, Office of Rail and Road; Ian Prosser CBE, HM Chief Inspector of Railways and Director, Rail Safety, Office of Rail and Road; and Dan Brown, Director, Strategy and Policy, Office of Rail and Road.

Written evidence from witnesses:

- [Department for Transport](#)

Examination of witnesses

Witnesses: Chris Grayling, Ruth Hannant, Peter Wilkinson and Gary Bogan.

Q445 **Chair:** Welcome and thank you for coming along today. Please can you introduce yourselves for the record of proceedings?

Chris Grayling: I am Chris Grayling, the Secretary of State. I will ask the team to introduce themselves.

Gary Bogan: I am Gary Bogan, director of Rail North Partnership.

Peter Wilkinson: I am Peter Wilkinson, managing director of passenger services at the Department.

Ruth Hannant: I am Ruth Hannant. I am one of the directors general for rail in the DFT, with Polly Payne.

Q446 **Chair:** Yes, we met your job-share partner previously. Obviously this summer has been a really difficult time for passengers on quite a substantial chunk of the rail network. I am sure you have been looking at the other evidence we have received, particularly our last session when we heard from passenger representatives. The description that Stephen Brookes gave for his experiences was "Dante's inferno".

Should passengers who were affected by timetable changes in May in a very negative way be expecting to see an increase in their fares come January next year?

Chris Grayling: We judged that the important thing was to get compensation to those passengers quickly. If you look at the package that has been provided to those affected, a month's free travel plus delay repay is almost the equivalent of 10% of their annual travel. Our judgment was that, to make sure that those passengers were properly compensated for what had happened, it was a quicker and more straightforward way of making sure they received that compensation now as opposed to later.

Q447 **Chair:** So they should expect to see their fares go up by 3.2% in January.

Chris Grayling: I cannot comment yet on what the train companies will choose to do. There are broader issues around train fares, of which you will be aware, including the whole question of CPI and RPI. What is the appropriate response to what happened in a summer of disruption? Unfortunately, it was a summer of disruption that was a diversion from what was supposed to happen and is now happening; both Northern and GTR, for example, are now running more services than they were before May. There are longer trains on Northern and the new trains are being introduced; I saw the first one in Liverpool Lime Street last week.

The planned improvement to service is now taking shape. It did not take shape nearly quickly enough, and that is why it was important to get



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them proper compensation sooner. The compensation is far bigger than any question of fare increases. It is almost 10% of their annual travel cost, if they took advantage of delay repay, as well as getting the month's free travel.

Q448 Chair: What about the people who were not entitled to compensation? Unfortunately, the honourable Member for Cambridge is not here today, but I travelled on Great Northern one Sunday morning and a short-formed train arrived at the station. We all duly crammed on and stood for a whole hour on our way into London. We would not be compensated. It was not delayed or cancelled; it was just an extremely uncomfortable journey. Talking to other passengers, that was clearly representative of their Sunday service. How are they going to be compensated for the appalling services they have had to endure since May?

Chris Grayling: The answer to that is that there are systems to provide compensation when people are delayed, but frankly the compensation for an overcrowded network is to invest in it and deliver more capacity. Of course, what is happening on the Thameslink—

Q449 Chair: It was not about the network being overcrowded; it was about the train operator not providing the right-sized train. It was a short-formed train. We have heard from other witnesses that short-formed trains have been a feature on both GTR and Northern Rail. There is no compensation when someone's train is short-formed, is there?

Chris Grayling: There is not, no. What we are doing is providing new trains for the Great Northern network with more capacity. The whole of the GTR network is seeing a substantial increase in capacity, and there is the whole Thameslink programme.

Of course, the frustration this summer was the introduction of the new timetable going wrong. It was supposed to be a good-news story, with significant extra capacity and more trains to reduce the likelihood of short-formed trains, which can happen for a whole variety of reasons, including a broken-down train, previous delays and so forth. It is obviously difficult to comment about an individual circumstance. The best solution is to make sure that we have as much capacity as we can deliver. That is what the whole Thameslink programme is about.

Q450 Chair: I appreciate that it is jam tomorrow for rail passengers. Are you concerned that when people have had such a terrible experience, and I hope you would agree that it has been a terrible experience for those people, they will actually stop using or reduce their use of the railway? Of course, that has much wider implications. What do you say to passengers who are perhaps now thinking, "It's better for me to drive, work from home or change jobs"?

Chris Grayling: My answer would be to take a look at the service as it improves. It is not actually jam tomorrow because GTR is now running more services than it was before 20 May. Northern is running more services, and, more particularly in Northern, the first of the new trains



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are now arriving. I was in Harrogate recently where the first of the wholly refurbished trains is operating. As I said, I saw the new train at Liverpool Lime Street last week that will be replacing the Pacer trains. It is a transformation.

How do we address the issue of people not wanting to travel on the railways? We must make them better. The frustration this summer was that the change was supposed to be positive. Indeed, there are now longer trains. There are the new 12-car Thameslink trains with greater frequency through central London. There are thousands of extra seats with extra trains in the peak hours. That is providing a better service for passengers. It is a real shame, and I am really sorry that it started so badly.

Q451 Chair: What have you done to check that passengers feel that they are now getting a good service? Can you explain what monitoring you have done and what passengers are telling you?

Chris Grayling: Our experience, and I see it because I am in email conversation with passengers regularly, is that I get all the messages through, as does the Department when people have bad experiences. We look at the performance measures and I talk to Members of Parliament. It is better than it was. It is not perfect yet. We do not yet have all the services back on GTR that we were going to get as a result of the May timetable, but they are running more services today than they were before May. They will be running more services from Christmas time. This is all about taking a situation where there are massively crowded trains and trying to provide more capacity for passengers.

Interestingly, I know people in my own Department who said that, on the days that the service was working, they were getting a seat for the first time in years. There are improvements, but it is a real shame, and I am really sorry, that it started so badly. This is about making the service better, not worse.

Q452 Chair: Coming back to the question about the potential for passengers more broadly to be compensated and not having to face another increase in the cost of their tickets, including their season tickets, has the Department looked at the financial implications of freezing fares? Is it something you have even considered?

Chris Grayling: We have looked very carefully at the implications of freezing fares. We have looked very carefully at a number of changes on the fares front. The real issue around freezing fares is this. You just have to look at what has happened to Transport for London with its partial freeze. Transport for London is in deep financial difficulties at the moment, and not simply because of the challenges over Crossrail.

The problem with a fares freeze is that if your costs continue to go up every year, and you continue to pay more to your staff, you build a long-term and growing underlying problem within your own finances. Over a



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period of time, you are sucking a cumulatively larger and larger amount out of the money available to run the network. The only way of counteracting that is that people who do not travel on the railways have to pay more and more taxes to provide a counterbalance.

We have to make some choices. Costs rise, staff get pay rises and fuel costs go up. Do you freeze fares and either accept service cuts or that the taxpayer has to pay more, or do you accept that there will be increases in fares but you will try to keep them down as far as possible? You know my view, Chair; I would like fare increases, for example, limited to CPI. When I proposed that in the summer, the unions threatened a national rail strike.

Q453 **Chair:** I do not think they were objecting to fare rises being restricted to CPI; they were objecting to your proposals around wage rates.

Chris Grayling: Absolutely. You cannot have one side of the industry's costs on one measure and another side on a different measure. Of course, I do not see any reason why decent hard-working rail staff should be treated differently from decent hard-working staff in, for example, the health service, education or whatever. I was not suggesting that they had wage freezes. I was not suggesting they had wage cuts. I was simply suggesting that we use the same measure of inflation that everybody else did. The result was the threat of a national rail strike.

Q454 **Chair:** It is quite surprising really, for someone who does not run the railways, to be telling private train operators what their wage policy should be.

Chris Grayling: Of course, I have a say over pay in the public sector parts of the rail industry.

Q455 **Chair:** I come back to the question about the financial impacts of a fare freeze. The Committee would share your concerns that taxpayers should not have to pick up the cost for the poor performance of train companies. Have you considered ways in which the train companies should have to take the financial burden of a fares freeze? I am particularly thinking about GTR, who bought out their liabilities through to September and therefore do not seem to have suffered as a result of their appalling performance during the introduction of this new timetable.

Chris Grayling: I can assure you that we are looking very carefully at what we are going to do about GTR and their poor performance this summer. We are close to a resolution on that. I am not going to comment today because at the moment it is a commercial negotiation, but I have ruled out no options. It would not be true to say that we intend to take no action.

Q456 **Chair:** Is there a possibility that if you took action it would be shared with passengers?

Chris Grayling: That is clearly an option.



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Q457 **Chair:** Is it something you are actively considering—there being some sort of fares freeze for passengers on GTR?

Chris Grayling: As I said, the problem with fares freezes is that they do not have a one-year effect. They have a permanent effect on the bottom line. It permanently sucks money out of the industry. You could take one year and say, "We will use this block of money to cut fares," but then you have to find the same amount of money the following year, the year after that and the year after that, in perpetuity long after the end of the franchise; or at some point the taxpayer has to come up with extra money or there has to be a double fare increase.

Q458 **Chair:** Are you looking at some other way of paying passengers additionally?

Chris Grayling: We are looking at alternatives for making sure that passengers feel the benefit of any consequences that GTR faces. I will happily talk to the Committee about that when we have finished the process.

Q459 **Chair:** Does that only apply to GTR and not to Northern?

Chris Grayling: The issue about Northern is clearly different. As the ORR and the Glaister report highlighted, the issue was about the failure of Network Rail to deliver infrastructure. In the north, we have provided the same compensation package to travellers. In addition, there has been money provided to Transport for the North to promote rail in the north. The situation is different, as the Glaister review highlighted, between Northern and GTR.

Q460 **Chair:** There were obviously different causes, and perhaps Northern were less liable than GTR, but from a passenger perspective I do not think Northern passengers will be any more pleased about seeing an increase in their fares in January. Do you think their perception is different?

Chris Grayling: That is why it was important to provide them with a month's free travel. It is also important to provide those Northern passengers with brand-new trains, and that is what we are doing right now.

Chair: We want to look at your responsibilities and those of the Department in relation to timetabling.

Q461 **Ronnie Cowan:** Secretary of State, you told us in July that you "do not run the railways" and are "not responsible for rail timetabling." Presumably you do accept that, as Secretary of State, you are responsible for industry structures.

Chris Grayling: Yes, very much so. I am also responsible for the successes or failings of my Department. As Secretary of State, I clearly take responsibility for that. There is no secret about my views on industry structures. If I am guilty of anything, it is of not moving fast enough to deliver change. I have said to this Committee over the last couple of



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years that I believe we need a more integrated railway. I had started the process, as you will remember, to move towards greater alliancing and to look to create something deeper on the east coast main line.

What this summer has convinced me is that we need to move much faster. There was a process of evolution that I judged to be the right one to avoid putting the industry through excessive change. I now think that it needs significant change, and that is what the process I have established since the timetable issues arose is designed to achieve.

Q462 Ronnie Cowan: I do not have your expertise in this area. I look at this and see ORR, IRB, GTR and DFT. Apart from looking like a really bad hand in Scrabble, I have no idea who is responsible for what. Coming to the timetable changes, where are the lines of demarcation?

Chris Grayling: This is what the Glaister review established. It is symptomatic of the industry as a whole. We have an industry that is in a very different place from 20 years ago. There are twice as many passengers, 50% more trains running and the network is bursting at the seams; and accountability—

Q463 Ronnie Cowan: But whose responsibility is it?

Chris Grayling: The ORR basically highlighted the fact that there was not enough clear accountability. The situation is, "Who should have been in charge?" Nominally, at the heart of the process sits the Network Rail system operator that has the job of shaping timetables and making the system work effectively. In my view, we have too much dilution of accountability, and that is what now needs to change. That is basically what the Glaister review said.

Q464 Ronnie Cowan: The ORR said that nobody took charge of the May timetable. Wasn't it your Department's job to ensure that someone did? There will be changes to the timetable in November and December, I believe. Are we looking at the same sort of chaos in December, or have we sorted out the problem and do we now know who is responsible?

Chris Grayling: As regards to that, I have tasked Andrew Haines, the new chief executive of Network Rail—in fact, I did it before he had even started—to take control of the December timetable process, and indeed next June. Andrew has put together a new senior project group in the industry to oversee that. We have downscaled ambitions for the December timetable change to make sure that we cannot get the same disruption again—I hope; fingers crossed, it should be fine. It is a less intensive timetable change.

The industry does timetable changes every six months. That has been a routine for ever. The December timetable change is smaller than the routine ones that normally happen every six months, to make sure that we do not have the same issues in December. Next May, there is a plan to step up the Thameslink programme. We will need to make absolutely certain that the industry is ready for that.



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There is much more proactive engagement across the industry than took place before, from my Department, from the ORR and from the different parts of the industry. What we learned from what happened in May is that accountability in the industry is too diluted to deal with both the pressures on the industry and a major process of change. That is what the Glaister review said.

Q465 Ronnie Cowan: If we are changing timetables every six months, why did it go so wrong in May?

Chris Grayling: Because of the scale of it. It was the largest timetable change ever.

Q466 Ronnie Cowan: You just bit off too much to chew.

Chris Grayling: Yes. In the end, it was a bigger change than the industry could cope with. A number of factors, including particularly the infrastructure problems in the north, and those to do with the unexpected complexity of the Thameslink timetable change conspired to create something that should have worked well but did not.

Q467 Huw Merriman: The Department for Transport provided the Committee with an extract of the governance structure. It seems to show the train operators and Network Rail, who of course are responsible for delivery, confirming to the IRB, who then make a recommendation to you. You can only intervene in the event that you are advised of risks that mean the timetable change should be postponed.

As you said before, you received no risk evidence at all. Indeed, as we can see, the IRB seemed to be a bit in the dark itself in terms of some of the issues. I would contend that that structure just does not work. If we were to start all over again, knowing what we know now—that if you trust the actual delivery partners to come up with a structure it can fail—what would be a better way of doing it so that there is independent verification from a sponsor holding those bodies to account?

Chris Grayling: In the short term, it would be tasking the chief executive of Network Rail with being the person at the core of it. Network Rail effectively designs the timetables. It manages the system. It is the system operator. We used to have the Strategic Rail Authority, which was abolished by the last Government in 2006. It previously had the role of co-ordination of services. That then passed to Network Rail. Network Rail has the job, through the system operator team, of co-ordinating all of it.

That is still the place where the co-ordination comes, but we now have chief executive level accountability for making it happen—and chief executive level accountability with a much greater focus on the rail industry. In the short term, that is the best way of dealing with it. In the medium term, I want to see wholesale change in the industry. As you know, and as I have said in previous conversations, we need a much more joined-up industry. What will come out of the work that Keith Williams is doing is not some kind of dusty document that sits on a shelf;



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it is going to be an action plan for reform that will start immediately afterwards.

I am very clear that in the short term it will sit on Andrew Haines's desk. Indeed, I met Andrew earlier today to talk about December. Andrew is the person I trust to take a lead on this. He is a new appointment, and I think he is very good. I trust his judgment. Within the Department, we are overseeing this very carefully and very closely in a way that we would not have done normally, because it is not the job of Government to run train timetables and the rostering of train drivers. The Government now have to make sure, given what has happened, that those whose job it is are doing the job properly. Where there was criticism of my Department, and indeed self-criticism of the ORR in the Glaister report, it was that we took at face value assurances that it would be okay.

On 2 May, I had the chief executive of GTR in my Department saying that it would be a slightly bumpy start, but it would be fine. On 4 May, we had the Industry Readiness Board giving the new timetable a rating of green, green, green and amber/green. Gary might like to say a little bit about the commitments that Northern has given.

Q468 Chair: Before you go on, let me ask about the holding to account. What challenge was there from the Department? When you were told that it was all going to be fine by the Industry Readiness Board or the programme board, how were you testing that? You cannot just take it at face value if they tell you that it is all going to be fine. Surely the Department has sufficient expertise, sitting at the centre, to test what you are being told?

Chris Grayling: The Industry Readiness Board was our test. What I did previously, in order to try to make sure that the timetable worked well, was to set up the Industry Readiness Board. It was chaired by Chris Gibb, who has been before this Committee. He was the person who did the work to try to streamline and improve performance on Southern. He is a respected senior rail figure. They established an independent assurance panel, chaired by Chris Green. That was our challenge. It is what you would expect us to do to make sure there was a process of assurance, to make sure that it would work. I am less than happy that it did not work.

We have just seen something similar with Crossrail, where we were told it would be fine and then it was not. There is going to have to be a culture change in the industry and in the way these things are done. Clear assurances that things are on track from the people whose job it is to judge whether they are have not worked. Gary can say a bit about the Northern end.

Gary Bogan: The situation in Northern was slightly different. As you have heard previously in evidence, and in the initial Glaister review and outcomes, it was a case of the imposition on the franchisee of a timetable to be rewritten almost from scratch in around 16 weeks, rather than the usual year that the industry has. In the Rail North partnership, we work



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on behalf of both Transport for the North and the Department; we manage the two franchises, Northern and TPE, on their behalf. We were probably closer in among the problem-solving elements that Northern faced. The plan was to have an electrification route from Bolton to Manchester, and the trains that were going to do that were electric, and the diesel trains that the company ran were going to go across the network to strengthen services. Instead, there was, effectively, a missing train fleet; we did not have the electrification.

We needed to understand what services could run, because it was not Northern's old timetable that could run, but instead the empty spaces between all the other operators' timetables. Was there sufficient rolling stock to operate those services and assist Northern both with loans of trains from TPE and other franchises? We needed to ensure that the rolling stock that was expected from ScotRail would come. We were quite hands-on in working through that with them.

Q469 Chair: In the north, it was probably pretty clear to people in Network Rail that there was a very high chance of them not completing the electrification through the Bolton corridor at the end of 2017. Why was the risk to the 20 May timetable not realised at an earlier point? Why was mitigation not put in place, given that it was known that it was a huge timetable change and it was contingent on a piece of infrastructure development that was already delayed by 12 months? Why did nobody spot that?

Gary Bogan: In a way, it is the very point you make. The timetable and all the work that had gone into preparing it, which by that point was 42-plus weeks, was contingent on finishing the infrastructure. Network Rail were extremely keen that they would be able to finish the infrastructure and report as much in January, but, to bring that about, they needed a whole lot of emergency access. The resource that would re-plan the timetable inside Northern is the same resource that needs to work to give Network Rail emergency access to let them complete the infrastructure works.

On the basis of the evidence and the assurances, the advice was that the correct thing to do was to ensure that the infrastructure could be finished to let the May timetable go ahead. There was no plan B at that point for the new timetable.

Q470 Chair: Shouldn't somebody have realised that they were being hopelessly optimistic at Network Rail in expecting to get it finished over Christmas?

Gary Bogan: I work in rail services rather than infrastructure. I attended the north of England programme boards throughout, and heard the level of confidence and commitment to be finished by the time we came back in early January, only to find that there had been a setback.

Ruth Hannant: Obviously in the early part of 2017, Network Rail had advised, as you say, that they thought they would not meet what was the



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earlier entry into service date of December. They were advising the Department at that point that they would not be able to do it, and all of the industry agreed that, which was why in July the date was put back from December to May. However, in the course of the autumn that is not what Network Rail were saying to us. They were saying that they thought they would be able to complete the works.

A number of things had changed at that point. They had done more of the work, and in October they actually found an engineering solution to the problem that they had been experiencing over the earlier part of the year. Over the course of the autumn, they were considering in the programme board what access would be needed to enable them to deliver the works. There was a programme of work over Christmas that, as you know, actually only managed to achieve 75% of what they had hoped because of a number of issues. At that time, they said that the level of additional access they would need was five weeks. At that stage, because that level of access was far greater than anybody had understood before, and would have meant bussing 10,000 passengers along the Bolton corridor, it was felt not to be a tenable proposition.

Importantly, over the course of the autumn, Network Rail had not been saying to us that we would not be able to rewrite the timetable. They had said we would not be able to rewrite the full national timetable, but while they recognised it would be a very significant challenge they thought they could rewrite the Northern timetable, and they managed to do the timetable rewriting with Northern. We then had the additional issues of delays to the Preston works because of the severe weather incident that we had in the early part of the year.

Q471 Chair: It is very clear that there were lots of contingent arrangements required. The Department knew that this was the biggest timetable change in a decade or more, at four or five times the normal level. Shouldn't you have known that it needed somebody to be in control? I accept that, as the Secretary of State, you do not run the railways, but surely you should have known it was important to make sure that somebody did. Knowing that there was this huge timetable change and that it was contingent on a number of difficult infrastructure developments, weren't you asleep on the job by not having that in place?

Chris Grayling: Absolutely not. In my judgment, what we had all the way through was a process of assurance in the south and a process of assurance in the north. Four days before the new timetable was introduced, Ruth and Peter had the managing director of Northern saying, "We'll be fine; we'll be ready." Everybody was giving the same message all the way through: "It will be a slightly bumpy start, but it will be fine." We have minute after minute saying that the industry would be ready.

What assurance should Government put in place? It is not to say, "Right, I'm taking all of you guys away from the leadership of this and I'm putting someone in charge." We should have trusted assurance processes to make sure that things are on track, and that we did, even though it



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transpired that they were not. We had that in the form of the Rail North partnership board with Gary. We had representations of both Government and all the combined authorities in the north as well. It was not just my Department. The Rail North partnership board has, for example, Transport for Greater Manchester represented on it. They were fully sighted in all of this. At no point did anyone involved in this come and say that it was going to create the kind of problems that we saw.

Q472 Chair: In the north they did, did they not? They asked for the timetable to be delayed.

Chris Grayling: Ruth, do you want to recount the meeting you had with the chief executive of Northern the week before the timetable was introduced?

Ruth Hannant: You are correct that Northern asked for the whole national December timetable to be rolled forward, but the industry took a decision, because it is an industry decision working with the system operator, that the impact of that for the industry as a whole would be too significant. Northern had to adjust its timetable to reflect the rolling stock issues.

Q473 Chair: But there was a recognition that they felt it was not deliverable at that point.

Ruth Hannant: I think they said they thought it would be very difficult and very challenging. I do not think they said at that point that they thought it would not be deliverable. They said it would be difficult.

Q474 Chair: Should that not have rung alarm bells that there should have been contingencies in place, given that they obviously felt it was high risk enough for them to say, "We think the national timetables should be rolled forward six months"?

Chris Grayling: But at every point through that process, when there were issues, there were solutions to those issues. They were carefully discussed in Gary's board, and in the case of GTR with the Industry Readiness Board. In the end, those solutions proved not to work.

Q475 Huw Merriman: To come back to the answer you gave me, I am focused on the challenge for next time, which is where our Committee can make a recommendation. If you ask an organisation to mark their own homework, it does not always get the level of critique that an independent verifier would give.

Looking at the structure, I take the point about you sitting at the top, or the Mayor of Manchester, who would have been in exactly the same situation as you from a northern perspective. You touched on the fact that in the short term it would still be Network Rail, and that is where I would still say they were marking their own homework. If they failed last time, they will fail again, we should assume. Can I push you a bit more as to who the independent verifier with the teeth to investigate and get



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sign-off should be?

Chris Grayling: My view is that we need to move back to an integrated railway where someone is in charge. I do not think there is any secret about my view. The rail review is designed to deliver a more integrated and more joined-up railway. There are not very many ways of doing that. We can return to a national model. We could follow the Transport for London approach. We can go for the Japanese approach of regional railways. I do not think it is any secret that I prefer the concept of regionalisation, where it comes down to one chief executive running the track and the trains, who takes an overview, understands the issues, provides the right balances and looks after customers. That does not happen at the moment. This is an industry that talks to itself through contracts rather than through partnership on too many occasions. That is what I think needs to change.

You ask whether it should have rung alarm bells. The truth is that nobody saw it coming. In the Rail North partnership, we have Transport for Greater Manchester sitting on the board. We have other northern transport authorities sitting on the board. It is the same position for them. There were no alarm bells raised there either about the 20 May timetable. There was some dissatisfaction about performance in the run-up to 20 May. Northern had said, "There will, as we get ready, be some disruption as we get drivers trained," but alarm bells were not raised everywhere because the assurances that we all collectively had from the industry were pretty robust, and proved to be illusory.

Q476 **Grahame Morris:** Following that answer, Secretary of State, and noting what you have said previously about not accepting responsibility for running the railways and for the subsequent service failure—

Chris Grayling: I do not think I have ever said that. I said that I do not run the operational railway.

Q477 **Grahame Morris:** Are there any circumstances when a Minister of the Crown would accept responsibility for a service failure within their Department? Are you not ultimately responsible? I am looking at page 172 of the ORR report. It is quite comprehensive as to the causes of the timetabling debacle. There are a number of tables. You sit as the Secretary of State very firmly in the centre of the web, yet you do not seem willing to take any responsibility for the decision-making process.

Chris Grayling: That is not true. We stepped in immediately we understood that there was a problem. Intense work took place in my Department to try to get the industry to sort it out and bring together the people who needed to resolve things and sort out compensation packages. We put in place the assurance processes that we judged were right. Clearly, those need to be more robust for the future.

The role of the Department is to set an overall strategy for the network and to spend taxpayers' money wisely. The responsibility for the operational railway lies with the chief executives of Network Rail, the



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train operating companies or the freight operators. Your party believes in renationalising the railways, so you will understand that the operational responsibility for running the railways lies with the organisations that run them. Our job is strategy, and in this particular case we stepped in immediately we understood that there was a problem, where we had thought there was none.

Q478 Grahame Morris: The story of the emperor's new clothes keeps springing to mind about willingness to take responsibility when there is clearly a problem. Do you remember your previous evidence to the Committee before the summer recess? Earlier, you referred to the traffic light system. I am sure that you told the Committee that the indicators were green, green, green and amber.

We have had some additional information that you furnished from the IRB minutes. It categorises nine particular categories, including timetabling, infrastructure and train crew. This was from 2 or 4 May. One in particular, on train crew, shows a red traffic light signal. A number of the others are not all green. There are a number, including on infrastructure, where they are showing three ambers. Is that not something where someone should be culpable, perhaps even a Minister?

Chris Grayling: When we met the readiness board on 2 May, and indeed GTR two days later and a week later Northern, they all said to me, "This timetable is ready to proceed."

Q479 Grahame Morris: The minutes that were provided clearly indicated a problem with the availability of suitably trained crew. Was that just set aside? Was that something you thought—

Chris Grayling: I defer to my colleagues, but at that point not everything was ready, because it was two weeks before the timetable launch. The assessment of the Industry Readiness Board and the independent assurance panel, whose job it was to advise Government on whether it was ready or not, indicated that it was clearly a problem that they expected to be resolved in the following two weeks.

Ruth Hannant: Peter might say a bit more, but I think that, when the IRB was considering the issues, it was also considering a whole raft of mitigations that the operator was putting in place to address the risks. The IRB's overall assessment, which it was giving us as the Department and giving the Secretary of State, was based on its view as to how the mitigations would work, and it thought that they would be successful.

There was not fully trained train crew, but there were lots of things that they had planned to work around that in terms of piloting and various other things. As it turned out, because of factors that did not become clear to GTR until much closer to the timetable delivery date—I think it was two days before—those mitigation plans did not work. At the point when they were giving us assurances, they were based on the mitigation plans for those risks, which were considered in quite a lot of depth at the industry readiness boards.



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Q480 Grahame Morris: Presumably, as senior advisers in the industry advising the Secretary of State, somebody must take responsibility. The terms of reference of our inquiry are to identify causes and suggest remedies. I hope we can identify the mistakes, and perhaps the individuals and organisations who were culpable, so that these things do not happen again.

Chris Grayling: I think that was the purpose of the Glaister review, which has been published. I hope the first stage will also help to inform the Committee's review. The Glaister review said that everybody acted with the best intentions. It identified systemic failures around the interaction between the system operator and the rest of the industry, particularly the operational issues in GTR, and it indicated that my Department and the ORR itself had been too ready to accept the assurances of the industry that the things it had in place to get the timetable ready were actually bona fide.

Q481 Steve Double: My whole approach to this thing is that I have always viewed it as coming down to one of two possibilities, taking into account the fact that all the evidence suggests your Department was not at any point told that the major failure to introduce the new timetable was the risk it was. Quite simply, for me, it either means that people in the industry just did not understand the situation and therefore did not have a grasp of it, or that there were those who did have a grasp of it but basically were crossing their fingers and hoping that everything was going to be okay. I am interested to know which of those two options, with hindsight, you think it was.

Chris Grayling: Peter, you are closer to it. What do you think the answer to that is?

Peter Wilkinson: It is a very fair question. This was an enormous timetable change. The processes that the industry has relied upon, fairly safely, for very many years and that have stood the test failed the test at this timetable change. There was gross underestimation of the collision of two things. One was the scale of the change. The second was the amount of resource required to be ready for that scale of change, given that at the time of the May timetable, the intention was, obviously, to bring about many more services but also to lay the ground for the introduction of many different types of new rolling stock. The complexities of that were underestimated by all elements of the industry, very painfully. It is of great concern that that happened.

Q482 Steve Double: Do I take it that you are saying it is the first? People just did not understand the scale of the situation.

Peter Wilkinson: Yes. I think they underestimated the scale. Interestingly, the industry has a timetabling process, you will be glad to know. It is a fairly robust and rigorous process. It is a set of gateways you have to pass through, to assure yourselves as an industry that you are ready for that change.



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At every stage of the process—at every gateway—as has come out in the Glaister report, there was a sort of optimism: “We haven’t quite made it at this gateway but we’ve got some fixes.” There was a sort of optimism that the fixes would address the weaknesses. Thinking about the previous line of questions, in some ways, if we had actually forced ourselves to stick to the gateway, it would have exposed with starker clarity what the risks really were. It would have been impossible for the Department or Ministers, but there was probably an opportunity for the industry to have raised its hand just prior to Christmas, given the evidence it had.

Q483 Steve Double: What you are now saying leads me to think it is the second option; there were people who were aware of the challenge but just hoping for the best.

Peter Wilkinson: No, I don’t think you can pin it on people. This is very much a systemic process. It is a very complex industry with very many players that have to come together in different forums to look at and stare at these challenges. At the end of the day though, you rely on a complete system view, and the Secretary of State has made clear his view that he wants to see singularity about that system view.

Chris Grayling: The Glaister review highlights the fact that nobody identified the smoking gun of a memo from AN Other to someone else, either in my Department or elsewhere, saying, “This is all going to be a total fiasco and it must be stopped.” What you have is exactly what Peter has just described.

I am afraid I do not think it is unique to this project. We have just seen something very similar with Crossrail, where everything appeared to be on track and suddenly it was not. What we have identified is a cultural issue of people not facing up to realities early enough. We have to make sure that does not happen again.

Chair: Let us not stray into that territory, because that is for another day.

Q484 Jack Brereton: The ORR’s report particularly identifies that the Network Rail system operator was best placed. Do you not think that the chief executive of Network Rail should have had a better handle on these things, and better understood the potential challenges that you suggested the industry did not conceive of?

Chris Grayling: I have to say that I think the answer to that is yes. Of course, we have had a change in chief executive since then. Andrew Haines is the person I have asked to oversee the next two timetable changes, to make sure this works. Ultimately, the system operator within Network Rail is the place where the glue is supposed to sit, to tie it all together. That did not happen, and at no point did anybody senior in Network Rail raise it as an issue with me. It is my view that the desk of the chief executive at Network Rail, if there is anybody who has oversight over something as operationally complex as a timetable change that



affects multiple operators across the network, is the most immediate point to know what is happening.

- Q485 **Ronnie Cowan:** I come from a background of 35 years of project and change management. If I get to a gateway and think, "We are not there yet, guys," blind optimism is not going to take me through that gateway. I have to have a culture to work in such that I can go to my boss and say, "We're not going to do it," without fear of it falling back on me. It sounds to me as if that is the situation we have in those companies. Nobody wanted to report it further up the chain, so the guys at the top came to you and said, "Yeah, there's a risk, yeah, there's a challenge, but we'll be okay." If they had gone back to the guys at the grassroots and said, "Are we really going to make this?" I get the impression the answer would have been no. It is a part of the culture in those companies, and what I am worrying about between now and December is whether anybody can tell me that that culture has changed.

Chris Grayling: I think the answer to that is within Network Rail, where the issue in that respect might be biggest around the infrastructure issues. We have a chief executive who is delving right into the heart of this, talking to staff on the frontline and visiting projects. He is working to make sure that this does not happen. Of course, we have downscaled December substantially, for precisely that reason.

- Q486 **Chair:** That was a really important question from Ronnie, and I would like to follow it up. Obviously you have frequent meetings with the new chief executive of Network Rail. You said that you met him today. I know that the timetable change in December is going to be on a much smaller scale than the one in May, but what will be different about the way the timetable change in December is approached? Presumably the work is ongoing, but what is different and what has changed?

Chris Grayling: What is different is that I asked him at the very start to de-risk it. We took out about three quarters of what was planned.

- Q487 **Chair:** Apart from the size of the timetable change, what is different in the way it is being dealt with and approached?

Peter Wilkinson: It is the most important question, I think. One of the things that Glaister focuses a lot of light on, quite rightly, is risk in that timetable change. You have made the point yourself that it is a very large timetable change. Risk was being looked at in many different places. There was not a systemic look at the interactions between the risk and interdependencies, to go back to another point, and the planning and project management of this timetable change. You make a very powerful point.

This time around, we have put in place what is called a programme management office—a PMO—charged with looking at the total system risk. It looks at the interactions between different timetables, the bids for different timetables from different operators and the way they work together. As you will certainly understand, in a very tightly wound railway



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system, which is what we have today, with very many more trains on it and running much closer together at higher speeds and carrying many more people, the margin for absorbing any programme error is very much reduced. You have to focus on where the interactions and interdependencies are.

Q488 **Chair:** Where does that team sit? Is it in DFT or in Network Rail?

Peter Wilkinson: It sits in Network Rail.

Ruth Hannant: It sits in Network Rail but people from the operators are on it as well. It has cross-industry expertise and it is bolstered by independent challenge and deep dives on particular issues. It is not just the industry marking its own homework, as you said in the past; there is independent challenge being put into the process.

Q489 **Chair:** We want to move on to look at what happened in the Industry Readiness Board, which was part of the process that was meant to make it happen. We want to focus particularly on the issues of Thameslink and GTR. Secretary of State, you met the IRB chair, or your officials were present at IRB meetings, on the risk register for the May Thameslink timetable. Is that right?

Chris Grayling: Yes.

Q490 **Chair:** Grahame has already alluded to the fact that the last risk assessment you received from Chris Gibb and GTR on 2 May was green, green, green and amber/green. But there was one red risk in the train crew category, so could you tell us what discussions you had with Chris Gibb about the GTR train crew red risk?

Chris Grayling: I met him on 2 May. I also met the chief executive of GTR on 4 May. The message from both was that there were likely to be some cancellations over the weekend of the introduction of the new system, but after that, although there might be some bumps here and there, it would work fine. That is the message I got from both of them. Peter, do you want to say a bit more about the readiness board and the recommendations they gave us?

Q491 **Chair:** Just specifically on train crew, otherwise we are not going to get through all our questions.

Peter Wilkinson: Given that they had only been able to get their timetable locked down in April, questions had been asked at the IRB about the readiness of train crew. That is my understanding from everything I have read and seen. It back-ended the consultation that had to take place with ASLEF. Getting through that process to a place where there were rosters and diagrams that worked was extremely late in the day. They did get there. The problem that unfolded was that, because the process was back-ended, the diagrams and rosters were what we in the industry call suboptimal. They were not fully optimised. That is when the problems started to unfold in the implementation of the timetable.



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Q492 **Chair:** Secretary of State, you have appointed Mr Gibb to some important roles, including improving Southern and overseeing Thameslink implementation. Do you think that was a good decision? Would you have benefited from a broader and more diverse range of expert advice?

Chris Grayling: I appointed him to chair that panel. He was the person we placed in Southern when it was having operational difficulties. He was the person who honed the new working arrangements at Three Bridges between the Southern team and the Network Rail team, which appeared to make a difference to performance. He appeared to be ideally qualified to chair the readiness board. Indeed, he has previously appeared in front of this Committee and is a respected figure in the rail industry.

Q493 **Chair:** Do you regret appointing him to chair the Thameslink Industry Readiness Board?

Chris Grayling: I do not regret the decision I made at the time. I regret the fact that he and the board members got it wrong. If I turned the clock back, would I judge him less capable of doing it? He is somebody who has commanded respect across the House. When the Southern issues were happening, Members on both sides said they had been impressed by the approach he was taking to the problems and how much he understood the issues. He is a respected figure and there was nothing beforehand to lead us to believe that he was not capable of delivering the right skills. I still regard him as being a highly experienced rail figure, albeit he, and not just him but a lot of people, got this wrong.

Q494 **Chair:** The Industry Readiness Board's minutes, which we have now had sight of, show that five months into its existence it was still unclear about its remit, its governance structures and its decision-making processes. Do you think you should have been clearer about its remit and powers from the outset?

Chris Grayling: At no point did anybody in that board come to me and say, "We are not able to get the job done." At no point did anybody raise with me concerns about the workings of the board. I saw Chris Gibb from time to time, and he assured me that progress was being made towards the May timetable and towards implementing the Thameslink decision. Nothing ever crossed my desk that gave me reason to think that that body was not capable of doing its job.

Q495 **Chair:** Does it not give you pause for thought about whether it was a good appointment, given that those things could have happened? Why were they not clear, five months on, about what they were supposed to be doing or the processes by which they were going to operate?

Chris Grayling: I do not think it is unusual for a new body to take a bit of time to get itself sorted out. The reality is, if you are saying to me do I regret appointing Chris Gibb, no, I do not. Chris got it wrong, but so did a lot of people across the whole industry. This was a systemic problem. The Glaister review did not single out Chris for individual personal criticism. The fact is that this is a systemic problem and a lot of people across the



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whole transport world got it wrong. Do I regard Chris as somehow the personally culpable figure in this? No, I do not. I wish he had got it right and I wish a few other people had got it right as well. It is not just Chris; I had people in my office from GTR saying that it would be fine. We had assurances from Northern that it would be fine. This is not just about one person.

Q496 **Chair:** No. I am interested in the Industry Readiness Board itself, not specifically in Mr Gibb.

Chris Grayling: The assurance panel chaired by Chris Green, a separate body, came up with the same conclusion.

Q497 **Chair:** The ORR reported that the Industry Readiness Board had no powers to commission information from third parties and relied on what it was told by GTR and Network Rail. Do you accept responsibility for the fact that that was a weakness in the remit of the Industry Readiness Board?

Chris Grayling: At no point did anybody suggest that they were not able to access the information they needed. This is a collaborative venture. It is not some kind of regulatory watchdog. It is designed to make sure that we had sight over what was happening and that the people with the right expertise could judge whether or not things were going astray. There has never been any suggestion that they did not get access to what they needed.

Q498 **Chair:** I don't think we are going to get further on that.

In April 2017, the Industry Readiness Board recommended that you re-phase Thameslink service implementation over four six-monthly timetable changes instead of two. Why was that decision not confirmed until October?

Chris Grayling: I need to explain this process carefully. I got a formal request from Chris Gibb and the readiness board. Chris came to see me either at the end of July or the start of August last year. There was, and indeed still is, a basic 24 trains an hour Thameslink timetable. In a moment, I am going to ask Peter to explain that in a bit more detail.

That timetable was due to be started with 20 of the 24 trains an hour running. Chris came to me and said, "We think it's better to start with 18 and phase it in slightly more slowly." I said yes straightaway. Everyone involved, including Network Rail doing the timetable, GTR and my Department, thought that it was a relatively straightforward process to take out two more trains: "We're not running the 8.04, so you can catch the 8.02 or the 8.06." The Department then went through the commercial process of sorting that out with GTR.

What then transpired, which nobody had anticipated, was that the change was much more complicated than appeared to be the case at first glance. Nobody realised that taking two trains out of the timetable—taking out



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the 8.04 and leaving the 8.02 and the 8.06—had a much more disruptive effect. Peter can explain that a bit more.

Peter Wilkinson: That is correct. Nobody estimated that taking two trains out would be terribly high risk. It turned out to be very difficult to achieve, the reason being that the GTR timetable is interwoven with at least three of the major timetables on the east coast and the midland main line. Taking two trains out meant a lot more restructuring of rosters and diagrams that had interdependencies with other lines of route than had been estimated.

Q499 **Chair:** I am unclear. The information we have seen is that in April 2017 the Industry Readiness Board recommended that you decide to re-phase Thameslink service implementation over a longer period. I am trying to understand why that decision was not made until October. Are you saying that when they made the recommendation in April it required all that time to work out whether it was possible? I do not understand. What was delaying that decision?

Chris Grayling: Chris Gibb came to see me at the end of July and said—

Q500 **Chair:** What happened between April and July?

Chris Grayling: Chris Gibb came to see me in July and said, “I would like to do this,” and I said yes, at the same meeting.

Ruth Hannant: I think the IRB suggested that it was something that should happen in April. We then asked GTR to go away and work up proposals. GTR did that. They came up with initial proposals some time towards the end of May. Then, as the Secretary of State said, he had a conversation with Chris Gibb at the end of July or beginning of August to say, “It is my decision in principle to proceed with this.” There was then a contractual process that we had to go through with GTR to turn that decision in principle into something embedded in their contractual terms. They came to us with a final proposition in October, and it was agreed by Ministers in October.

One of the key points within that, as the Secretary of State says, is that during that period nobody thought it was going to be materially more problematic to take out six trains than to take out four trains. At no time during that period did anybody say to us, “You need to accelerate the contractual discussions.” As was said in the Glaister report, there were proper processes that we had to go through to make sure that it was protecting taxpayers’ interests. While we were doing that, GTR and Network Rail were developing the base timetable that Network Rail fed back to them at the end of November.

Chris Grayling: The Glaister report is very clear that there is nothing to suggest that anything the Department did was outwith normal processes, or that anybody realised it would have any effect at all on the process.

Q501 **Chair:** But do you accept the ORR’s finding that, had you made the



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Thameslink phasing decision by the summer of 2017, the risks of the timetable failure on the scale that they were experienced would have been greatly reduced?

Chris Grayling: Clearly I accept all of their findings, yes. It comes back to the systemic issue. Nobody realised that the timing of the decision to take out two trains from the timetable would have had a material effect—nobody.

Q502 **Chair:** The point I put to you is that your Department did not realise the implications of making a timely decision.

Chris Grayling: Nor did GTR and nor did Network Rail; nor did anyone involved. Nor did the readiness board. When Chris Gibb came to see me in July, he did not say, "We've got to decide this now or it won't work." There was no understanding then, or otherwise, of the complexity of what was happening.

Q503 **Chair:** That is concerning of itself.

Chris Grayling: We operated on the advice we were given.

Q504 **Chair:** Ruth, perhaps you are best placed to answer this. The Industry Readiness Board minutes from January 2017 show that DFT officials were entirely amenable to re-phasing as early as January 2017 and were pushing for an early recommendation to allow time for "wicket-rolling" with politicians. Do you know what that phrase means?

Ruth Hannant: Wicket-rolling?

Q505 **Chair:** That is what was in the IRB minutes. It said that DFT officials were amenable to re-phasing as early as January 2017 and were pushing for an early recommendation to allow time for "wicket-rolling."

Ruth Hannant: I imagine it would mean that if we were delaying the implementation of 20 trains per hour, and only bringing in 18 trains per hour, passengers would see a lower level of service improvement. Given that that was not necessarily what was promised at the time of the delivery of the franchise, we would need to test it with Ministers and other stakeholders. That is a proper thing that we would need to do. As soon as it was put in front of Ministers, they were very amenable to the suggestion—

Chris Grayling: There was no wicket-rolling. The decision was taken. I think I had a submission saying that we should do it a few days before I saw Chris Gibb. I said yes. I said yes when I saw the submission, and I said yes when I saw Chris Gibb.

Q506 **Chair:** If DFT officials were talking about that in January 2017, was that part of the reason for the delay? Was it part of those discussions?

Ruth Hannant: Peter may want to comment further, but I do not think so. It is quite a complicated set of decisions, as I understand it. It was mooted at the Industry Readiness Board, and it was then something that



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the board decided on in April, at which point we asked GTR for a proper proposal. At that stage, the precise nature of the phasing, and what it would mean, was not necessarily completely understood.

Q507 **Chair:** When were you first aware of the Industry Readiness Board's view that there needed to be re-phasing?

Ruth Hannant: Me personally?

Chair: Yes.

Ruth Hannant: I am afraid I was not in the Department at the time, but Peter would be able to answer that.

Q508 **Chair:** Peter, when were you first aware that the Industry Readiness Board were pushing for re-phasing?

Peter Wilkinson: I was not directly involved, but my first awareness of it was at around April when we asked GTR, at that point, to begin the process of looking at the options for re-phasing.

Q509 **Chair:** Did that political wicket-rolling delay the decision in any way?

Chris Grayling: There was no political wicket-rolling.

Q510 **Chair:** When your Department officials made that reference, were they wrong?

Q511 **Chris Grayling:** They did not do it. They may have made the reference thinking it might be needed, but it was not; it did not happen. I took the decision immediately. Chris Gibb, whose judgment I trusted in appointing him, said, "We need to do this." I said, "Fine."

Q512 **Huw Merriman:** The rail regulator's report found GTR's role in this matter particularly wanting. Obviously there has been a long catalogue of failings from GTR. Has this performance led to the Department taking a view with regard to its future running of the franchise?

Chris Grayling: We have been through the issue very carefully. We have done what is called a hard review into GTR and its performance. It has clearly not met all its contractual requirements this summer, and we are now finalising the action that we will take on the back of that.

For me, the most important thing is what is best for passengers. The options I have said we are actively considering involve penalising GTR. That could involve taking the franchise away. If I take the franchise away, I have to do so on a legally sound basis to protect the interests of the taxpayer; but I also have to know that what follows is going to work for passengers. Ultimately, it is the passengers that matter most in all this.

I have not reached a final decision. We are working through options. I have to be sure that whatever action I take does not risk further disruption for passengers. It is worth saying to all the people who say, "Take back control of the franchise," that I do not have a team of people



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sitting in an office down the corridor who can suddenly come in overnight and run Britain's biggest franchise. Taking away any franchise is not a straightforward process, and I and we would have to be satisfied that in doing so we would make things better and not worse for passengers.

Q513 Huw Merriman: I appreciate the need to think about passengers. My constituents are those passengers as well. Have you received advice that gives you grounds to remove the franchise due to the performance of GTR in the timetabling fiasco?

Chris Grayling: The advice is not absolutely clear on that front. It is certainly an option that is still open to us to consider, but it is not straightforward. The contractual complexity does not automatically give you the right to withdraw a franchise because of poor performance over a short period of time. It has to be over a sustained period.

Q514 Huw Merriman: If one of the options, rather than to remove the franchise, was to fine them for their performance failings, has that option been lost? My understanding is that, when GTR was fined £13 million for poor performance issues from 2016-17, it effectively had any liability waived up to September 2018. If the franchise is not removed and that is the case, does that mean it gets off scot-free?

Chris Grayling: No, it does not. I still have plenty of levers that I and my team can use. There is no question of getting off scot-free.

Q515 Huw Merriman: In terms of the forward look to September 2018, does the Department regret giving that bandwidth? Effectively, there was no incentive for the company to perform from a financial perspective for that additional year.

Chris Grayling: I do not think that was the case. We still have plenty of performance levers. Peter will be able to say a bit about what is available, but we did not give carte blanche to underperform.

Peter Wilkinson: No, and we retained all our enforcement and breach powers under the remedial plan, which is what the company has been in. We have exercised some of those, so I do not accept that we have given away our enforcement rights.

Q516 Huw Merriman: It strikes me as very curious in that sense. Coming back to timing, when are you likely to make a decision with regard to GTR's future based on the back of its failings?

Chris Grayling: Within a small number of weeks.

Q517 Chair: Let me clarify that GTR did not actually pay a fine; it reached a settlement about an amount it had to plough into improving services. Secretary of State, you said that your officials had plenty of levers. Can you tell us what they are?

Peter Wilkinson: As you know, GTR has been in a remedial plan. We retain enforcement powers in relation to its performance against that



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plan. If it were to breach a remedial plan, we retain a wide range of powers that we can bring to bear. It depends on the circumstances of the poor performance. We have a number of different powers in the contract according to different classes of performance failure.

Q518 Chair: Obviously there was a huge performance failure in May, June and part of July in providing the sort of service to passengers that they were promised. What is the outcome of that for GTR? How has it been held to account for that?

Peter Wilkinson: It is a fair question. As the Committee is aware, we are taking this very seriously indeed. It is not something we are taking lightly. You are quite right: the performance failures this summer were utterly unacceptable. We have, though, to look at the truths of GTR's involvement in that relative to other players. They were dealt a number of quite difficult hands themselves. How they responded to those are matters we have to take into account. There are clearly things for which they were directly responsible, and we have to look at those in the scale of the course of events that took place and come to a view about that. At the moment, I cannot discuss where we have got to in those discussions for reasons of sensitivity, but I assure you that the discussions are taking place and they are very rigorous indeed.

Q519 Chair: Even though its liability was bought out through to September, you are saying that it may still face some kind of penalties as a result of its poor performance.

Peter Wilkinson: I am, yes.

Chris Grayling: Yes.

Chair: Grahame has a small question on this section, and then we are going to look at the treatment of disabled people in the periods of disruption.

Q520 Grahame Morris: I wonder if you might bear with me. Maybe I have missed the point, but there is something I would like to clarify in my own mind. I do not know whether the Secretary of State or Ruth can do that. It relates to the National Audit Office report of January this year, and the questions you were just asked about the fact that Govia Thameslink were allowed to buy out two years of their performance liability.

My understanding is that that period also covered future liabilities for what effectively was poor performance until September this year. Obviously, that included the part that was the May timetable fiasco. On what basis was it considered to be a good deal for the taxpayer when that was agreed to?

Peter Wilkinson: To be clear, they have not been bought out, scot-free, in relation to any penalty for poor performance. If they do not execute their contract, and if they do not execute the regime we have in place with them in the contract at any given point in time, we retain quite a wide range of levers that we exercise.



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The reason that at the time it was a good deal for the taxpayers is because they had a performance schedule in place at that point that was frankly unreachable. It was unattainable given the performance of the infrastructure and the way the new Class 700 trains were performing. We knew that GTR could not reach the performance benchmarks that were originally assumed attainable in the contract. We bought them out of those benchmarks in exchange for them investing off their bottom line in the franchise through, effectively, a penalty payment. That was the £13 million you referred to.

Q521 Grahame Morris: Was that a decision of the Department? Who actually made that decision? Was it in consultation with the Secretary of State?

Peter Wilkinson: It was a Secretary of State decision.

Chris Grayling: An important thing to bear in mind is that at no point have we given up the ability to penalise GTR for underperformance, and we will make sure that there is a consequence to GTR of the underperformance this summer, but I am not going to say today what that consequence is going to be.

Q522 Chair: When can we expect to know?

Chris Grayling: Within a small number of weeks.

Q523 Grahame Morris: It is a statement of the obvious, but it looks terrible to allow them to buy out the poor performance liability just before the May timetable debacle.

Chris Grayling: We would not have done that if we had any reason to believe that we would not be able to deal with further underperformance. We did not, and we are able to deal with further underperformance.

Q524 Grahame Morris: We are all very concerned, as I am sure you are, Secretary of State, about the level of disruption, particularly for disabled people. The Chair mentioned some of the descriptions that we had from Stephen Brookes, who appeared in front of the Committee in a previous session. He described the experiences of disabled passengers as like "Dante's inferno." Do you recognise the loss of trust that disabled passengers have in the railway system? What proposals do you intend to bring forward to ensure that those concerns are addressed and that disabled people are able to use the train system with a degree of confidence?

Chris Grayling: The most immediate thing is that, disruption or no disruption, the rail system is not yet fit for purpose for disabled people.

Q525 Grahame Morris: It is absolutely terrible.

Chris Grayling: Jack and I know well that the train from Stoke-on-Trent to Derby is utterly unfit for people with disabilities. The Pacer trains in the north are the same. The most immediate thing we can do is what we are doing, which is a huge programme of replacement of rolling stock all



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around the network, both because it is necessary and because it needs to be disability compliant. We have challenges by 2020 to make sure that rolling stock is disability compliant. Older rolling stock that is not will be on its way to the scrapyard.

From my experience last week with the new Northern train as a replacement for the Pacers, anyone who is a disabled passenger in the north can now say the world is about to change for the better. Those trains are fit for people with disabilities in a way that the old ones simply were not.

Q526 **Grahame Morris:** Not before time, if I might say, Minister, as one of the users of those terrible Pacer trains.

Chris Grayling: It was far too long before the Government got to grips with new trains in the north. I pay tribute to my predecessors for doing that. It was many years overdue.

Q527 **Chair:** Can you give us an assurance that all rolling stock on the network will be PRM compliant by 2020 as required?

Chris Grayling: I could not give you an absolute assurance for every single piece of rolling stock because there is bound to be something that I have not thought through, but it is our intention that right across the network, in virtually all circumstances, it is.

Chair: We look forward to seeing that, not least on East Midlands where half our intercity stock is not PRM compliant at present. We will move on to look at consultation and the impact assessment of timetable changes.

Graham Stringer: I want to follow up Grahame's question about disabled passengers. You are absolutely right about the rolling stock. It seems to me, having talked to disabled people who were affected by the Northern problems in particular, that there was no awareness whatsoever from Northern, or anybody else in the rail system, of how the failure of trains to turn up impacted on deaf people. They could not hear the announcements. It affected people who could not walk very quickly when they were expected to run from platform 3 to platform 4 on Preston station. There was no awareness of how all that chaos might affect autistic people. Are you aware that that was a problem, and what will you be doing about it?

Chris Grayling: I am absolutely aware that lack of communication was a problem. You make a good point about communication for deaf people, which is why we continue to see on a rolling basis the improvement of electronic signage on the railways. Frankly, what went wrong, and the thing that made the biggest difference, was that trains were supposed to come but just did not turn up. Trains that appeared on the panel did not turn up.

I have a meeting in the next few days with the leadership of the rail industry. One of the things I am absolutely focused on is that they make



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sure that communication gets better in a whole variety of different ways, and for people with disabilities as well. It is not just about information. It is also about when a train is short form and you cannot get on to it. If you are in a wheelchair, for example, it is much more difficult. That is why we must have more capacity, wider doors and more versatile trains. It is why the information provided and communication to passengers has to be much better.

Ruth Hannant: Some of the licence conditions that operators work under include the policies and processes that they have to have in place for their treatment of disabled customers and others with accessibility issues. They are regulated by the Office for Road and Rail. It is very clear that at times of disruption the industry is not necessarily in all cases doing its best at meeting those licence requirements, and it is something I understand the ORR is actively looking at.

Q528 **Graham Stringer:** Clearly there will be disruption in the future; there always is in a system this big. One of the groups of disabled people I did not mention are visually impaired people. You can put up brilliant signs, but if you cannot see very well it is no good. The rail operating companies and Network Rail, if they are operating the station, have to be aware that they need to communicate in many different ways.

Chris Grayling: That is one of the things I think the industry does not get right at the moment. Most announcements are now automated, and an automated announcement that just says, "Due to a late running earlier train," or whatever, which is programmed into the system, does not provide the information people need. We need more of a return to somebody sitting behind a microphone—not for every station but across the network—saying, "There is a signal failure there. There is a team on its way to try to fix it, and we'll let you know as soon as possible what is happening." There is a lack of proactive information when something goes wrong, and that is something they have to address.

Q529 **Grahame Morris:** Could I point out how important it is to have the guard on the train, particularly for disabled people who require assistance, and indeed for people with pushchairs and so on? It is invaluable. I have witnessed this myself on the Pacer trains, which are absolutely crammed going into Newcastle.

Chris Grayling: Of course, one of the great ironies is that at the end of the Southern dispute there are more staff working on trains than there were before, even though the nature of the role has changed.

Q530 **Grahame Morris:** It is really important for people with disabilities, not just with wheelchairs but with scooters too.

Chris Grayling: One of the really tragic things about the current strike action is that my expectation, certainly around Northern, is that we will have more people working to support customers rather than fewer. The premise, though, that the RMT is arguing for is that, if a train is designed to be operated by the driver from the cab exclusively, there are no



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circumstances whatsoever in which that should happen; and if the second member of staff is not there, the passengers should be thrown off and the train cancelled. That does not help somebody with a disability either.

Q531 Grahame Morris: It is a separate subject, but there is an awful weight of evidence that suggests that passengers, disabled people and people travelling alone in the evening really value having a guard on a train in that circumstance.

Chris Grayling: Absolutely. If you look at the South Western strikes, for example, there are no plans to take the second person off the train, but simply to have a system that allows the driver to operate it if the second member of staff does not turn up, I find it deeply frustrating that the union is striking and striking, and will strike again tomorrow, purely to say there are no circumstances whatsoever in which a train that can be operated just by the driver should be operated just by the driver, and that passengers always have to be thrown off if the guard is taken ill or whatever.

Grahame Morris: There was a recent case where there was a landslip and the driver was incapacitated. The guard played an absolutely vital role in evacuating the passengers safely.

Chair: As much as I think this is a very important issue and we could spend a lot of time on it, perhaps it is for another occasion.

Q532 Graham Stringer: About two thirds of passengers who, we all agree, were badly affected by the disruption earlier this year were dissatisfied with the consultation. Do you accept that the consultation before the rail timetable changes were made was inadequate?

Chris Grayling: In terms of Transport for the North, Rail North and the operators, we went through the standard processes of consultation.

Q533 Graham Stringer: I am told, and we have had evidence, that some communities who lost their services, particularly on GTR—Harpenden is a good example—were not properly consulted. They were going to miss out on a number of trains to their station. It seems that the Department for Transport waived their obligation to consult in those circumstances.

Ruth Hannant: I do not think that is the case. In the case of GTR and Northern, the base timetable that was due to run in May was extensively consulted on. That was done by Northern in May 2017, and GTR ran one of the biggest consultation exercises an operator has ever carried out. They had over 25,000 responses over three consultation exercises and ran hundreds of events. That was for the base timetable.

The issue you are alighting on is that due to the phasing decisions, and in Northern's case due to the late changes to the timetable, there were changes to the timetable that had been heavily consulted on, and actually there were very few options available to the operators in those circumstances, because the timetables were very much driven by operational factors. Having a consultation at that point, given that options



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were not available, would have been a disingenuous thing for the operators to do.

What they have done subsequently, however, in both situations is to listen very carefully to passenger concerns that have been raised, and they have acted to introduce extra services where they can. For example, in the case of Harpenden, on balance, even though there were fewer trains, they were longer trains, and in total I think they only lost four carriages in the peak, but, given the concerns that were raised, the operator is introducing two extra services via Harpenden from December. They have listened to concerns when they have been raised, but at the time, consultation on the specific operational changes, because of the issues we have been discussing, was not possible at that point.

Chris Grayling: On that particular route, an added complication around timetabling has been the modernisation of the midland main line, which has meant that there are slightly fewer services running up to 2020 while the work takes place.

Q534 **Graham Stringer:** The evidence we heard from passengers using Harpenden was that it was not just capacity in terms of extra carriages. It was trains at particular times that enabled them to get to work or wherever they were going. They were severely disadvantaged by that, and they stated, contrary to what you have just told us, that they were not properly consulted about that.

There are always two parts to consultation, aren't there? There is listening to what people think about your proposals and communicating what the proposals were. They felt that those consultations were inadequate.

Ruth Hannant: As I said, GTR did not consult on the changes as a result of the phasing decision. That is because they thought that consultation would have been disingenuous, because there weren't any options, but they absolutely did communicate those changes to passengers. I appreciate that those are two slightly different things.

Chris Grayling: The truth is that there have had to be changes. There are decisions around Bedford, St Albans and Harpenden about trying to provide in the interim period, while the midland main line work is taking place, a timetable that will be more substantial when those works are completed in 2020.

Q535 **Graham Stringer:** Will you recommend changing the consultation process for any timetable changes in the future?

Chris Grayling: I think it was very comprehensive, so I see no particular reason to do that. As far as I can see, there has been very extensive consultation. People are not always happy with the outcome of the consultation, and people are not always happy with the outcome of the decisions you have to take. When you put in place infrastructure changes, there are disruptions to passengers. People are not always happy about



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that, and they are not always happy about the decisions you take between different pressures, but I do not think that the process is wrong.

- Q536 **Graham Stringer:** People cannot always get what they want, and I think everybody would accept that. A consultation is not handing over the power to make the decisions to the consultees, but even when the train operating company feels that it does not have flexibility to alter what it is going to do, don't you think there should be some sort of process of mainly communication but also consultation to say, "We are doing this because we have to," and listening to what passengers say"? That did not happen, did it?

Peter Wilkinson: The points you are making are very reasonable. The Secretary of State is right that the consultation was conducted in accordance with the process attached to the timetable planning process. I think I made the point earlier that actually sticking to that timetable planning process is really important because it provides you with the capacity and time to consult properly.

The wider point you are making is absolutely right. The rail industry today has, to put it politely, lost its touch with people. It has lost its way in being able to communicate properly with passengers. With modern media, it escapes reason that they cannot communicate much more proficiently. It is something we are very concerned about in the Department. In fact, I think the way that passengers are communicated with is the subject of another ORR review at the moment, particularly people who cannot receive information in conventional ways, for the reasons you pointed out. We are missing opportunities to engage and to work with the public, and to convey trust, through very poor communications in the industry.

- Q537 **Chair:** East Midlands Trains told us that in one case the DFT waived the obligation to consult because East Midlands Trains said there was no option but to remove some services. There was absolutely no flexibility in the timetabling because of the precedence given to Thameslink. Do you think it was fair to waive that obligation to consult? That was not the train operator; it was the DFT's decision.

Peter Wilkinson: I would have to come back to you on the specifics of that particular circumstance. Even if the Department had done that, there would surely still be an obligation on the operator to make clear to the public what was happening. Just to sit back and say, "Well, the Department have made a decision—"

- Q538 **Chair:** They said it was a fait accompli.

Peter Wilkinson: We have to change that. It is utterly unacceptable.

- Q539 **Chair:** I particularly wanted to ask about Sheffield services. My colleague Paul Blomfield wrote to us, raising concerns. Before the timetable changed, for services leaving St Pancras for Sheffield there were five departures between 16.57 and 18.25. In the current timetable, there are



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only three between 16.47 and 18.19. He says that neither the East Midlands Trains announcement nor the accompanying frequently asked questions mentioned the impact that the timetabling changes would have on Sheffield services. Why were Sheffield passengers not consulted about timetable changes?

Peter Wilkinson: I am really sorry but I cannot answer the question. We will come back to you on that in writing. If that is the case, it would again be an unacceptable failure and I would take it very seriously.

Chris Grayling: It is worth saying that the changes to the services on the midland main line are a temporary thing until 2020, while the works continue. You will be aware, as an East Midlands MP, that we have just completed the remodelling of Derby station. There is a huge amount of work now going up the line. Extra capacity will be generated with the additional line from Corby Southwood. This is a period of transition for that route.

Q540 **Chair:** I certainly recognise that. East Midlands Trains stated: "In order for Govia Thameslink Railway to increase the number of services on our shared lines into London, we have had to make changes to our timetable." What consideration was given to the impact on East Midlands Trains passengers as a result of the introduction of the Thameslink timetable?

Chris Grayling: It will have been done by those involved, based on the demands on the different services and the demands on the route, to try to provide, in that interim period, the best possible balance between the competing pressures on a very full railway line.

Q541 **Chair:** It is quite clear that East Midlands Trains feels that consideration of their passengers was secondary to those of Govia Thameslink Railway. Whose decision was it to make Govia Thameslink Railway more important than those who use the midland main line?

Chris Grayling: I do not think it is a question of being more important. Peter can explain the process of reaching that conclusion.

Peter Wilkinson: I suspect this is born of the complexities at the southern end of the route, at Luton and Bedford, where, because we are introducing more Thameslink services, it reduces the capacity overall, particularly at a time when a major upgrade of the east midland main line is going on. That is a temporary situation. East Midlands passengers will see train services gradually restored; in fact, from the back end of this year, as some of the works start to complete, capacity will be restored and improved. Your point about the way this has been communicated to passengers is a very fair one. I will take it away and have a good look at it.

Chair: We now turn to the issue of compensation.

Q542 **Huw Merriman:** We have touched on compensation, but I would be



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interested in your view, Secretary of State, as to whether you think the compensation system is adequate right now, and whether it is fair that we have two operators on 15 minute delay repay and other passengers do not have that benefit.

Chris Grayling: We want to end that situation as soon as possible. We are transitioning as rapidly as we can to 15 minute delay repay. In terms of the compensation system, the first and most significant step is to try to automate it as far as possible. That requires us to have, in my view, proper electronic and smart ticketing facilities across the whole network. I have set the industry the goal of having smart ticketing available across virtually the entire network by the end of this year.

We then need to spread pay-as-you-go ticketing around. Without an automated system, it is much more difficult to provide one-click compensation, which is what we want to achieve. Now that we are moving towards the end of our programme, we are going to move rapidly to introduce, and give people access to, smart ticketing through barcode and smartcards, and simple one-click systems for compensation.

We are transitioning. For example, Greater Anglia will be getting 15 minute delay repay in the new year, and we are looking to move other areas to that as quickly as possible, but it requires amendments in the contract, otherwise we will be writing contracts halfway through.

Q543 **Huw Merriman:** Northern's delay repay 15 was brought in during their franchise agreement. Could that be done for other franchise agreements as well?

Chris Grayling: We accelerated it by a few months because of what had happened.

Q544 **Huw Merriman:** I have a quick plug, if I may. Next month is the Second Reading of my Bill that would require train companies to segregate the money they receive from Network Rail that passengers do not claim and purchase technology that allows a passenger to tap on and then tap off at the end. The system would work out whether the customer was entitled to compensation and automatically pay it. Assuming that I do not get support from Government for the Bill, which I think is probably a fair assessment—

Chris Grayling: You should not be so pessimistic about your skills.

Q545 **Huw Merriman:** When do you think that future state will come into being? Is that the type of thing you will be looking to put into franchise agreements when they come up for renewal, or are we still halfway there in terms of one click?

Chris Grayling: It is something that becomes part of the future in a new structure for the rail industry. I do not want us to be in a situation where there is a Network Rail pot to compensate a train company. I want us to have a situation where things are much more carefully joined up.



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The first stage is to have automated ticketing all around the network, which then enables you to take the next step. My goal is to get pay-as-you-go ticketing available. It is only ever going to be for short distances. You are not going to tap in and tap out to go from London to Manchester; you will have to buy a barcode ticket on your mobile phone for that. When it comes to a shorter distance commute, we need the kind of benefits that passengers have in London to be available in other cities and on shorter distances elsewhere.

Q546 Huw Merriman: You talked earlier this month of stronger compensation obligations on future train operators. When do you think those will be applied across the whole of the network?

Chris Grayling: We want 15 minute delay repay, automated systems and one click, and we intend to push that forward as rapidly as we can with the contracting structures we have.

Q547 Huw Merriman: Effectively, it will be when the new franchises come up?

Chris Grayling: Yes, as quickly as we can with the new franchises.

Q548 Chair: Following up that specific question, am I right in thinking that one-click automated compensation has to be part of a franchise process?

Chris Grayling: It has to be either part of a franchise process or a reworking of a franchise contract. You cannot just do it mid-contract without a contractual change, because you are placing extra obligations on the operator.

Q549 Chair: With a franchise such as Essex Thameside, which potentially will not be refranchised until November 2029, is that how long passengers on Essex Thameside might have to wait?

Chris Grayling: They are actually doing quite a lot on smart ticketing, which opens up opportunities there.

Peter Wilkinson: We have an extensive programme in the Department to move the industry forward with smart ticketing by the end of this year. Most people in most parts of the country will have the opportunity of a barcode or smartcard. There is already a lot of smart technology and ticketing available on the railway. If you travel on East Coast, you can use their travel buddy system, which is a very simple smartphone app.

We are putting a lot of pace behind the programme because at the moment, answering your question, we do not know who our customers are, frankly. A mag-stripe ticket tells us nothing about you. It does not even really tell us that you are on the train, believe it or not. Compensating people in the way the Secretary of State has outlined is very difficult for the industry.

Moving people on to smart allows us to know that they are on the train; who they are; and something about their account details so that we can make the process of returning money to them much simpler. We can



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make those changes in the life of franchises. We do not have to wait for franchise competitions, but there is a process to go through. Taxpayers' interests matter as well. There is a business case to be made around that kind of investment, so we have to make sure that the costs and revenues are fair and in the interest of taxpayers as well as fare payers.

Q550 **Chair:** I have a couple of questions about compensation. In terms of the compensation packages on both Northern and GTR that were introduced this summer after the timetable fiasco, who designed those compensation arrangements?

Chris Grayling: It was totally based on what was put in place for Southern when we had the extended dispute, and extended disruption on non-strike days as well.

Q551 **Chair:** Were they designed by the TOCs, or did the Department, essentially, set out what needed to be put in place?

Chris Grayling: The Department, originally with Southern—clearly, it was a franchise that we oversaw—said that there needed to be proper compensation. We decided that a month's free travel was the appropriate way of doing it. We simply applied exactly the same principle to what happened this year.

Q552 **Chair:** I have a question about the delay repay that was available to people, particularly on the GTR network. When we heard from Emily Ketchin, who was a representative of the Harpenden commuters, she told us that in the first instance, initially after 20 May, people could claim delay repay on the basis of the 20 May timetable; if a service was cancelled and appeared in the 20 May timetable, they could claim compensation.

After the 15 July timetable was implemented, they were no longer able to claim against the 20 May timetable, even though many of those commuters would of course have bought their season tickets in anticipation of being able to access the full range of services promised in the 20 May timetable. Do you think that is fair?

Chris Grayling: Yes, because ultimately the only benchmark for a delay repay claim is the actual performance of an individual train. That is why we did not depend entirely on delay repay to compensate passengers. We provided a broader package for them.

Q553 **Chair:** From your perspective, even though there was a published timetable on 20 May, it is not reasonable for those passengers to claim when a service is cancelled that appeared in the timetable on 20 May but no longer exists.

Chris Grayling: What I am saying is that you cannot practically do it, because delay repay is based around an individual service arriving late.

Q554 **Chair:** No, on cancellations. If a train is cancelled, you would have a right to compensation. Why should it be based on an emergency timetable



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rather than on the original 20 May timetable?

Chris Grayling: What you would be saying effectively is that every single passenger on a train—if the 8.15 was moved to 8.30—would be entitled to compensation, even though the train was running on time to a timetable advertised in advance. You would end up with a compensation system that was unbelievably onerous and not credible. We took a view that the best way of compensating passengers was to give them a month's free travel.

Q555 **Chair:** You think that the month's free travel should compensate all those people who see a loss of service because the 15 July timetable contains fewer services than the 20 May timetable.

Chris Grayling: But as of today GTR is running more trains than it was before 20 May.

Q556 **Chair:** But they are not running the trains they promised on 20 May.

Chris Grayling: But they are still running more trains than they were before 20 May to a timetable that is, touch wood, on most days reasonably accurate.

Q557 **Chair:** People who bought a season ticket believing that they were going to see a substantial improvement in their services on 20 May may have seen an improvement, but it is not substantial improvement, and the Department's view is that they will just have to put up with that.

Chris Grayling: We have provided a compensation package for those affected that I think is fair and reasonable.

Q558 **Chair:** A final question on compensation is about how ensuring that all those who are eligible to claim are able to claim. We talked about automation. Mr Wilkinson, what discussions were held in the Department about publicising the compensation scheme, particularly with the operator?

Peter Wilkinson: The operator has obligations in its contract to do just that, and that is something we take a keen interest in. The operator is obligated to make it very clear to its passengers that compensation is available. In the wake of the fallout of the May timetable change, I was on daily phone calls with the whole industry—not just GTR and Northern—and one of the things I was ensuring in those calls was that there was a raising of awareness about the compensation procedures being put in place for passengers.

Q559 **Chair:** Would that involve the Department publicising that more broadly, or was it entirely the responsibility of the train operator direct to passengers?

Peter Wilkinson: The Department would not publicise it directly itself because it is an obligation on the operators in their contract, and it is something we expect them to execute. We observe it for ourselves and we expect feedback through mystery shopping and waves of customer



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satisfaction surveys where questions are asked about that area. We get a sense of how well that kind of communication is landing.

I come back to the point I made earlier. Generally, the industry has to raise its game in the way it communicates with passengers. It is slow at best.

Q560 Chair: It has been reported in the *FT* this afternoon that a freedom of information request has revealed an email dated 5 July from a DFT official noting that GTR has published its additional compensation scheme. The email is sent to Tim Rees, who I believe works in your team. It says, "My advice would be to keep this low key and targeted at passengers and stakeholders, not media." Can you explain why there would be a suggestion that details of the compensation scheme should not be publicised through the media, if you want to maximise opportunities for people to know that it exists and how to claim it?

Peter Wilkinson: No, I cannot explain that.

Chris Grayling: Since Ministers talked about it in the media regularly across the summer period, in the Commons and to Members of Parliament, there was no attempt to make it low key.

Q561 Chair: I wonder why a member of DFT staff would have made that suggestion.

Chris Grayling: I have no idea. It may have been a suggestion that was made, but it is certainly not what happened.

Gary Bogan: It may be worth elaborating something in respect of the north and the compensation scheme for Northern and TPE. TfN were also involved and took the lead on the design of each of the elements in turn: the season ticket compensation that was available; the regular traveller compensation; and the direct compensation to local authorities whose economies were impacted by the delay. I know that TfN have, on their website and probably in interaction with the media, highlighted the fact that the compensation scheme is available.

I know from first-hand feedback that Northern and TPE have been out on the circuit of local authority representatives and council bodies, and have had quite robust feedback in places where local representatives thought that people in their area were not able to access the scheme or understand how it worked. They have both been plugged in and had the benefit of a good amount of unsolicited feedback on how it is going, to ensure that it reaches all the eligible folks.

Q562 Chair: This is not on compensation, but I am aware that after the timetable was introduced in the north on 20 May and resulted in huge disruption, there was a lot of concern that representatives of Northern did not make themselves available to appear on the media to explain the situation to passengers. Is that something you discussed with them?



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Gary Bogan: They are aware of everyone's view of when they could have taken more opportunities than they did to make their point.

Chair: Finally, we would like to ask some questions about the broader rail review.

Q563 **Jack Brereton:** Secretary of State, as you said, your view is that there needs to be wholesale review and reform of the rail industry. How do you feel that those changes will address the issues that we saw develop with the timetable?

Chris Grayling: My view is that this is an industry that today is under a huge amount of pressure, and that within it accountability is too diluted to meet those pressures adequately. It is a very fragmented industry, and as a result it is not well placed to deal with either major changes or the scale of pressure on it.

My view is that that now needs to change. It is no great secret that there are pressures on franchising. We have had Virgin Trains East Coast fail. We have had TransPennine making a substantial write-off against projected losses. We have a franchise model that is shaky. We have an industry where accountability is too diluted. Too many conversations in the industry take place around contractual requirements rather than getting the job done in the right way for passengers and freight users. That now has to change.

I have argued for a while that we needed a direction of travel that created a more joined-up railway. That was very much the view of the McNulty report, reinforced by some of the things that Nicola Shaw said in her report. We have started a step-by-step journey towards a more joined-up railway. I no longer believe that a process of evolution not revolution, which is where I had aimed to go, is sufficient. There needs to be much more comprehensive change.

This is not, "Hey, let's have another Shaw review or another McNulty review." The purpose is to deliver an action plan for change that we can put in place after the publication of a White Paper next year. It is kicking the tyres on a relatively small number of options. There are only a certain number of ways you can run a railway. This has to change. We need to identify the best way of doing it and have a deliverable action plan to move to a new world.

Q564 **Jack Brereton:** As you suggested, hopefully the review will go further than those previously identified. There is clearly a need for more urgent change to address some particular issues with timetabling, so will actions be taken prior to the review? It has been suggested that the fundamental reforms will not be until 2020. Will it be possible for action to be taken more urgently than that to address some of the issues with timetabling?

Chris Grayling: There are two areas. We talked earlier about what we are doing on the timetabling front. In terms of the working of the railway, we thought long and hard about whether we should stop the process of



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new franchises now. We have south-eastern, midland main line and west coast in the system now. I judged in the end, after much agonising, that we should let those go forward. Whatever the change is after 2020, it will have to be done in steps. You cannot just do the whole thing in one go overnight.

There are passenger benefits that will come with the new franchise—for example, brand new trains on the midland main line that are needed now. My judgment is that we should let those improvements happen, but we should continue with where we were going, which is actually not just to take the conventional approach and have the fragmentation we have at the moment. All those are designed to create much greater degrees of integration. The midland main line and south-eastern, for example, are let on the basis that they will be run by alliances between Network Rail and the train operator. There will be much more unification between the two teams and much more joined-up thinking and planning on those routes. That will happen anyway. Beyond the White Paper next autumn, we need to start moving towards the new world.

Q565 Jack Brereton: Do you feel that Keith Williams, whom you have chosen to conduct the review, and the panel that will oversee it, have enough operational experience to be able to do that?

Chris Grayling: We deliberately tried to pick a mix of experience. They are really there to play devil's advocate. We have a core team of people who are working on detailed support of the review team and the review panel. The review panel's job is to kick the tyres on the different options, to play devil's advocate for different options and to make sure that we listen properly to the outside world about how this should be done, but most particularly to help us shape a strategy that is deliverable quickly.

The reason for picking Keith is that he has very good experience in managing a complex, passenger-focused logistical transport organisation. He also has very good workforce experience. One of the issues we clearly have at the moment is how we create a better relationship between the leadership and the workforce in the industry for the future. I think we have a good mix of experience; on the panel we have a mix of rail experience and consumer experience. We have those with an understanding of disability issues, and so on and so forth.

Q566 Chair: Was anybody invited to take part as an expert but declined the option?

Chris Grayling: No, not that I am aware of.

Q567 Chair: Are there any plans for that rail review to look at best practice from other countries, particularly other European countries that are tackling these issues?

Chris Grayling: Yes, they are doing some work on that at the moment.

Chair: Thank you. That concludes our questions to the first panel of



witnesses today.

Examination of witnesses

Witnesses: Professor Glaister, Ian Prosser and Dan Brown.

Q568 **Chair:** I thank our second panel for waiting so patiently. I know you were listening to the first session. For the benefit of our proceedings, would you like to introduce yourselves?

Professor Glaister: I am Stephen Glaister, chair of the Office of Rail and Road.

Dan Brown: I am Daniel Brown, director of policy and strategy at the Office of Rail and Road. I led the day-to-day work on the inquiry.

Ian Prosser: I am Ian Prosser, Her Majesty's chief inspector of railways and director of railway safety at the ORR. I did the Prior Role Review of ORR for the inquiry.

Q569 **Chair:** Thank you. First of all, we want to consider the ORR's own role in the timetabling issues. This year's timetable change involved over 40,000 service changes. We know it was four times more than a typical six-monthly change. Did the ORR offer advice at any stage to the Department or the industry about the achievability of the timetable and about the level of systemic risk to the rail network? If it did not, why not?

Professor Glaister: I would like to start by saying, like everybody else in the industry, how sorry we were about the disruption to passengers and that the hoped-for improvements did not occur. There are things that the ORR could have done better, and we are in the process of thinking about that.

It might be helpful if I say a word to clarify our responsibilities in this matter. Of course we, the ORR, do not run the railway, as you heard in the previous session. It is the responsibility of Network Rail and the train operators to put together a timetable and to deliver that. What we do is administer the licences under which that is done, and they seek to achieve economy, efficiency and fairness in the public interest.

In my view—my colleagues can speak for themselves, but they may well agree—the issue was not the size of the timetable change. It was a big one, as you have said. The question for us was always whether a proper process was in place under the licence to deliver that change. To a point Mr Cowan made earlier, there was a very complicated and interrelated set of processes. Was there something to achieve that? The answer to that question was always yes. Technically, it is schedule D of the network code. It is a well-established set of procedures with dates, deadlines and gateways that are supposed to be met when timetables are changed, as they are every six months.



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The schedule included a requirement that there should be an agreed timetable in November 2017 in relation to 20 May 2018. The fact that the change was very big meant that it was more important than it otherwise would have been that those deadlines were met. In fact, the industry generally and we in particular were complacent about the obvious development that those deadlines were being missed in a big way. Major changes were being made long after November 2017. There was a timetable in November 2017, but important changes were made later than that. We were complacent in not pointing that out and doing something about the fact that it was a breach of the schedule D process.

We started to intervene in January when we spotted that Network Rail would be unable to meet their licence obligation to tell the world what was going to happen exactly on 20 May. They are supposed to do that at least 12 weeks ahead of time. It was apparent that they were not going to be able to do that. We started conversations to mitigate that and to use best endeavours to find an alternative that caused the least damage to passengers' interests.

What we did not spot, and nor did anybody else, as you have heard, was that that was a signal that things were very much behind schedule, and that it would cause the compression of the timetable planning process that that implied and would create unsurmountable risks to the delivery of the timetable. As it turned out, the industry, in those two areas, was overwhelmed, and we have the outcome that we are familiar with. The major conclusion of our inquiry was that it was the failure to stick to an agreed timetable that ultimately led to the chaos on 20 May.

Q570 **Chair:** Would you agree that the regulator failed to do its job sufficiently?

Professor Glaister: Yes, I agree that we should have looked to ways of being sharper on enforcing those licence conditions, and in future we will. That is part of the recommendations we will be looking for, both for ourselves and in our advice to the Secretary of State about what should be done. I am not saying that one can never miss a deadline, but if one is going to miss a deadline, one has to do it in a very considered and controlled way, with good reasons and good mitigation.

Q571 **Chair:** Do you feel that you have proper understanding, and, if so, can you explain it to us? Given that you were aware that the industry was not meeting its deadlines, and you knew that T minus 12 was not being hit, why did you not foresee that the May timetable was going to result in chaos? Knowing that there were problems with hitting the deadlines, why weren't the consequences of that for the whole system caught by the regulator?

Professor Glaister: That understanding has become much clearer to us with hindsight. You heard from the Secretary of State that there was a spirit, which is common in the rail industry and in a way is a commendable thing, of, "We will be able to fix it. We are in the business of fixing problems on a daily basis when we run the railway. We'll fix this



and find a way.” Assurances were given that that would be the case. We did not question that at the time, and nor did anybody else.

Q572 **Chair:** Do you think the regulator is fit for purpose?

Professor Glaister: I think there are many ways in which we could improve what we do. It will be part of our own second stage to think about what we can do differently; it will also of course be part of the Department’s own longer-term view, with Mr Williams, to see whether that is the case.

In longer-term changes, which will involve legislation, the logic will be that the Government of the day will need to decide what they want to do about changing the structure. Then they will have to think about what regulatory structure is appropriate for that, which may be different from what we have today.

Q573 **Chair:** One area I want to touch on is the Thameslink phasing and the Industry Readiness Board. How would you rate the job that was done in relation to timetabling by the Thameslink Industry Readiness Board?

Dan Brown: We looked very closely at the role of the IRB throughout the preparations for the 20 May timetable. I am pleased that the minutes of the IRB meetings have subsequently been released to the public. We spoke to many of the members of the IRB, and for the most part the work that the IRB did was immensely valuable. The IRB was a very necessary forum for the introduction of a complex programme that brought together multiple new technologies, multiple systems, new rolling stock, new infrastructure and the implementation of the franchise. It was a necessary forum.

What we found, on the basis of our review, was that it was not a sufficient forum. It clearly did not adequately test GTR’s plans. The advice that it received from the independent advisory panel was not, in our view, robust enough. As you explored with the Secretary of State, the IRB was a relatively informal structure. It was an add-on to the formal programme management structures that had been in place for several years for the Thameslink programme.

We feel that it would have had more effect had it been built into the Thameslink programme structure from the start, had it had executive authority and had it had the resources that it needed to gain expert third-party advice throughout its process. I certainly do not think that the IRB was all bad. It was very substantially and mostly good, but it was not constituted in a form that allowed it to conduct its responsibilities with full effectiveness.

Q574 **Chair:** If it had been clearer about its remit and governance, that could have made a difference. Is that your assessment?

Dan Brown: That is exactly it. I expect that we will be making recommendations in our final report about that.



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Q575 **Chair:** In relation to the ability to gather independent third-party information, it sounds to me as if you think that could have made a difference too?

Dan Brown: I think it is absolutely critical. When we interviewed Chris Green, the chair of the independent assurance panel, he described to us the model of working of that panel. Again, it was a relatively informal style of working. They were kicking the tyres on GTR's plans. They were taking, largely at face value, the assurances they received from GTR. They were not bringing independent advice to that assessment. I believe that the independent assurance panel was largely misnamed. There was not a great deal of independent assurance of the sort of detail that might reasonably have been expected at that time. Unfortunately, it was the assurance provided by those processes that the DFT and ORR largely relied on in executing our functions in the process as well.

Q576 **Chair:** Why do you think that was? One of the things alluded to earlier was that some of these were long-standing rail industry people. They obviously all knew each other very well. Was there just too much trust and not enough rigour?

Dan Brown: I think there may have been an element of that, having met and spoken to them all extensively. However, we also need to recognise that Thameslink was a completely unique project. There has been no scheme introduced in the mainline railway of that nature in our generation, or more. There was lack of experience of introducing schemes of that complexity into the system.

My reflection on the Thameslink programme structure is that, actually, bodies such as the IRB need to be more common when developing and implementing major programmes. Maybe we will come to the northern programmes later. There is no equivalent in the northern programmes, and some of the issues that arose in the north may have been managed better or avoided had there been a much greater system understanding of the complexities of introducing those electrification projects.

Professor Glaister: I agree with that, but I come back to the point I made about the schedule for doing all of this. Had the schedule for the Thameslink thing been available, for the sake of argument, and more or less finalised in November, there would then have been time to discover errors, which always occur and need sorting out, and to consult with the unions, to put together a detailed roster to make sure that the drivers, the trains, the signalling and the track are all in the right places at the right time and then to deliver the service. It was a very big and complicated change, as I said.

By the way, we should acknowledge that we established to our satisfaction that the infrastructure was delivered on time. There was no contribution to the troubles by the infrastructure in that case, and that is worth recognising. It was all to do with the fact that on the day, when GTR came to run a service, and when they went to the fine detail of



making sure that everything was in the right place at the right time, they suddenly discovered that it was not. That happened because they did not have time to reveal that.

Q577 Chair: In relation to not having time, in your view how important was the DFT's delay in making a decision about Thameslink re-phasing? You heard the discussion we had with the Secretary of State earlier. How important do you think that was to the fact that things did not operate effectively come 20 May?

Professor Glaister: I will ask Dan to correct me if I am wrong, but from memory the final instruction to write a timetable for GTR using 18 trains an hour was not given until January.

Dan Brown: No, it was at the end of October 2017, having already begun to write the timetable on the basis of 24 trains an hour and then down to 20.

Professor Glaister: Yes, it was past the date. In the light of what I have just said, it was a very material factor, as you heard in the previous evidence. That will always be the case, because of the interrelated nature of all these services. It was a major technical job to write that timetable, and it was not completed in time. Unfortunately, there was the trouble in the north as well, so the timetabling resources were overwhelmed by the two things together.

Q578 Chair: In terms of Thameslink, you will have heard in the earlier session that there was awareness of the need for re-phasing as early as January 2017. There was an Industry Readiness Board recommendation in April 2017. Did you look at the reason for the delay—the go-ahead was not given until October—and what impact there might have been if the decision had been made in May/June time.

Professor Glaister: Dan has some comments in the report about the reasons.

Dan Brown: Yes. We set out the story in some detail in the report, because we too were very interested to understand what went on in the five-month period up to the final decision at the end of October. We have reviewed quite a large number of internal documents from the Department for Transport, and we have seen the very iterative process that went on between the DFT and GTR as they were trying to establish the commercial consequences of removing those two trains an hour—the consequences on fares and the consequences on value for money for taxpayers of the Thameslink scheme having removed those services.

While that process clearly took longer than ideally it could have, we do not make a judgment about whether the process was appropriate. That was not an area of focus for the inquiry. To refer to my previous answer, I feel that the IRB should have been embedded in the Thameslink programme much earlier than it was. The advice to pursue phasing did not come until after the creation of the IRB, until after that forum existed



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and the industry were able to meet to consider and provide that advice to the DFT. Had something like the IRB been in place much earlier, the phasing decision could have been made in time to be reflected much earlier in the 20 May timetable.

Q579 **Chair:** If that decision had been made earlier, do you think it would have made a material difference to the outcome?

Dan Brown: Yes, it clearly would have made a material difference to the outcome because the May timetable could have been planned from the very start at a frequency of 18 trains an hour and the problems could have been ironed out. We might still have been sitting here talking about disruptions to the northern network, which happened for different reasons, but the problems in GTR could have been substantially avoided, yes.

Professor Glaister: I do not know if Mr Prosser wants to add anything on that particular topic.

Ian Prosser: To summarise about the IRB, looking at it from my review, both the DFT and the ORR put a great deal of credence in that body to give assurance that the changes were going to be okay on the night, as it were. Obviously they were not, and there is something to look at in the amount of assurance that was given by the other group in terms of kicking the tyres really hard on GTR's proposals.

Q580 **Graham Stringer:** Can we clarify something you said right at the beginning, Professor Glaister? You explained that your job was to license the process but they were non-compliant. Were they compliant when they received the licence, or did you license them when they were non-compliant?

Professor Glaister: That is technical. I'll pass it to Ian.

Ian Prosser: I can help a bit. Network Rail have a licence that is of long standing. In fact, we will shortly be going through a process of consultation for making modifications to the licence. In terms of being compliant with the licence, we started an investigation in January/February around the T minus 12 non-compliance. In that investigation, which in hindsight should have been broader in scope, although at least we identified the risks and what was going on, we found Network Rail to be in breach of its licence in not meeting those timescales. We are in the process of formulating a final order on what needs to be done around the system operator to make them do that better in the future.

Q581 **Graham Stringer:** Maybe I do not understand, so can we be clear? You said there needed to be 12 weeks clear before the licence and, had that 12 weeks been there, the system may well have worked.

Professor Glaister: Twelve weeks clear before the timetable change.



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Q582 **Graham Stringer:** Yes. But there wasn't, so they were licensed when they were non-compliant. Is that accurate? It seems to me a fairly important, not technical, point.

Professor Glaister: They had a long-standing licence, I think originally issued by the Department for Transport, under which they operate. Over the years there had been modifications to the licence. It has been established as a licence condition, which we administer, that they must declare what will be in the timetable 12 weeks in advance, to allow the general public to make plans. They were going to miss that requirement, and therefore we realised at that stage that they might have been in breach of the licence. We started a formal investigation—separate from the timetable thing—about whether they were or were not breaching their licence. That concluded in the summer. It was a decision for the board, and we decided that they had breached their licence in respect of the T minus 12 week notice.

Q583 **Graham Stringer:** That brings up another question. Should you not have found whether they were in breach or not earlier, in order that you could intervene, rather than let them carry on when they were in breach of those conditions?

Professor Glaister: In relation to the T minus 12, as I said, we started informal discussions. The investigation is a very formal process; it is quite judicial. We also started informal discussions to try to mitigate the difficulty about not having 12 weeks' notice. There was a discussion about T minus six, and various ways of trying to deal with the problem. We adopted a pragmatic approach.

Dan Brown: Our framework is quite flexible. Even at the point at which we believe that a company has a case to answer for breaching its licence, we have the facility to begin to make interventions at that point, particularly if we believe that there is risk of imminent harm. In this case, in January, we believed that there was a case of harm to passengers from their inability to plan journeys properly and to buy tickets. That was the focus of our investigation launched in January and February this year.

We later took a formal decision by the board, which really is a technical process, that they had been in actual breach of their licence throughout that period. That then allows us to take further enforcement actions, and we are taking those actions at the moment. It allows us to be quite invasive in our monitoring scrutiny of Network Rail. At the moment, as an example, in preparation for the December timetable that was discussed in the Committee earlier, we are undertaking, at a minimum frequency, weekly monitoring of Network Rail's development of that timetable. In actual practice, it is much closer to daily frequency of monitoring.

Q584 **Graham Stringer:** I do not want to labour this too much, but I have one last point. I understood Professor Glaister to say, in effect, that, had they given the 12 weeks' notice, a lot of the problems would not have happened. Had they not been in breach of their conditions, it might have



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been a much smoother process. You did not say that?

Professor Glaister: I did not mean to, no.

Q585 **Graham Stringer:** I may have misunderstood.

Professor Glaister: I was trying to say that the fundamental failure in May was as a result of the writing of the timetable being very much compressed into a much shorter space than it should have been, so there was not time to discover the difficulties.

There is a separate licence condition, called schedule D of the network licence, which requires Network Rail to agree with the train operators a timetable in November. They did not do that. That was the point I was trying to make about a breach of the process.

Separately, we got to notice that because we noticed the T minus 12 problem. That is a particular requirement in the licence that we subsequently discovered them to be in breach of. That particular one is a consumer protection matter.

While we are mentioning this, I would like to draw your attention to the fact that we have started another investigation. I am not sure of the exact words, but it is into the extent to which the train operators did or did not adopt best endeavours in giving information to their passengers after the event. This is a point that was discussed earlier, in your previous session. There are a lot of questions to be asked about whether they treated their passengers in the best way they could to give them good-quality information. That is an ongoing investigation and separate from the timetable one.

Q586 **Chair:** Is that the second part of your investigation?

Professor Glaister: No, it is not.

Q587 **Chair:** It is a separate investigation.

Professor Glaister: Yes. There are three things going on. There is an investigation into T minus 12; there is an investigation into information; and there is the timetable inquiry, of which part two will be completed by—

Q588 **Chair:** But you have a specific investigation into the provision of information.

Professor Glaister: Correct.

Chair: That is very welcome news. You will have heard earlier that the Secretary of State seemed to suggest that Network Rail was most culpable for failing to see the potential for the disruption. We want to continue to explore that theme a little bit.

Q589 **Jack Brereton:** Why was it that in your report you concluded that the Network Rail system operator was best placed and in a unique position to



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understand what was going on, and potentially take action to address those issues?

Professor Glaister: I will invite Mr Brown to comment in a second, but fundamentally the system operator is what it says it is. It is the outfit that operates the system. It is their job to receive requests for capacity, to analyse whether capacity is available and to negotiate the timetable with the train operators. By the way, it has a lot of technical expertise. Writing a timetable that works is a highly technical exercise, as any railwayman will know.

They are in a position to know whether or not what is being proposed is technically feasible, whether they can deliver it and what compromises have to be made. They are in a position to say, "Actually this is not going to work," or, "We haven't got time to put together a working operation." In our opinion, that is the reason why they were the best placed. Dan might want to elaborate.

Dan Brown: The finding to which you refer relates particularly to the development of the northern electrification schemes. The May timetable was substantially dependent on the delivery of that infrastructure. The reason why we found that the system operator was in a unique position is that, as well as being responsible for developing the timetable, they sat on all the programme boards for the northern electrification schemes, and the managing director of the system operator sat on the national portfolio board. Because of the dependent nature of the risks passed from infrastructure schemes into the timetabling process, they were in a unique position to understand the risks and report on them to other participants in the programme boards. We saw evidence that they did that.

However, we go further in our findings. We say that, as well as simply flagging those risks, they were the only body in a position to provide advice to the DFT, to the programme boards and to the industry as a whole around alternative options for mitigating the risks, and they did not take that additional step. We believe that they should have taken that additional step, and that belief is further illustrated by the fact that the new programme management office inside Network Rail is now performing that function, that office having been created since 20 May.

Q590 **Jack Brereton:** In the previous session, the Secretary of State identified that the chief executive of Network Rail did not have, in his view, sufficient oversight of the process to fully understand what was going on. Do you agree with those concerns? Do you think that the chief executive of Network Rail was aware, or had broader awareness than was apparent, of the issues that were about to emerge over the timetable?

Dan Brown: I can say definitively that he was aware. I interviewed the then chief executive of Network Rail as part of the inquiry. He described to me that he was aware at each stage of the development of the northern electrification schemes, of the risks around them and of the



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risks in relying on the Christmas possession of the network to catch up on the work that had fallen behind.

Q591 **Jack Brereton:** Why did he not act on those concerns?

Dan Brown: His explanation to me was that the weight of his decision was to prioritise the delivery of the schemes, because that is what Network Rail had promised the Government, and that he was prioritising the benefits to passengers from the delivery of those schemes for the May timetable. As we have clearly seen, that was a poor judgment.

Q592 **Jack Brereton:** There was a critical failing of the chief executive of Network Rail.

Professor Glaister: It is part of a wider industry issue that we mention in the report: concentration on delivering stuff, infrastructure. That is what a lot of the effort went into; they were doing their best to get wires and things in place so that electric trains could run, without adequate consideration, as we now know, of the implications for passengers of the risk that that would not be delivered in time for the operating timetable.

An issue for us in developing our recommendations, and probably for Mr Williams in the longer term, will be to what extent we are allowed to plan a timetable assuming that things will become available when they are not available now. If you are making an assumption that something important will be available, which does not turn out to be available, you have the outcome we recognise.

That becomes much more of an issue as the railway gets more interrelated and busier. As we discovered, when one thing fails, it propagates all over a much bigger part of the system. There is that issue and I do not have an answer for it. Are we going to say that nothing can ever be assumed to be there unless it is actually running at the time the timetable is planned, which would delay things terribly, or are we going to allow some process of balancing the risks?

Q593 **Jack Brereton:** We are trying to look at who is responsible for the risks and why sufficient action was not taken. Do you think that the Department did not take sufficient action on the particular risks that were identified?

Dan Brown: Had a different decision been taken, to assume that the infrastructure would not be available for the 20 May timetable, it would have been a decision that would have had to be referred to the Department because it would have imposed costs on the Department and on taxpayers from deferral of the benefits in May.

Those options were never even created, let alone offered, to the Department. We find that is a significant gap in the industry. The Department can make decisions only on the basis of the information it receives. It did not receive any information because that information and



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advice on alternative options did not exist in any functional system that would be built into the process.

Q594 **Jack Brereton:** You are saying that the information provided to the Department was not sufficient.

Dan Brown: The Department was advised by Network Rail that the Christmas engineering works were achievable; not that they were without risk but that they were achievable, and no alternative options were offered.

Q595 **Jack Brereton:** In terms of your role as the ORR, do you think that you could have taken broader actions, particularly considering that we have heard from a number of panels today and previously that really they threw the rulebook out of the window? Do you think that should have been a sign, particularly as you have referred already to the amount of time, and the compression of time, to produce a timetable? Do you not think the ORR should have highlighted that that was going to cause some serious issues?

Professor Glaister: As I have already indicated, with the benefit of hindsight I think we should have done. I am sure that the industry, including ourselves, will relearn the lesson—it is not a new one—that you cannot do these things in a hurry. You have to have a proper planned programme of work to make sure that something like this will be delivered with reasonable certainty.

Ian Prosser: Stephen is right. One of the big issues was that no one actually looked at the whole system risk for the change that was going on, or the complexity of the interactions, and stood back to ask whether it was really going to work with all the risks all over the place in the change. If you multiplied them, you would know what you were going to get, and that is what we got.

Q596 **Chair:** I am trying to understand the balance. Dan, it seemed to me that you were saying that Network Rail were quite culpable, because they did not offer options to the DFT. To what extent did you consider whether the DFT asked the right questions of Network Rail to ascertain whether they should have been thinking about alternatives?

Dan Brown: That is a very reasonable question. We reviewed all the programme board minutes and papers from the relevant period and interviewed the relevant DFT officials. It is clear that they were asking questions about the risks to the delivery of the schemes, and they relied on the assurances they received from the expert parties in Network Rail. However, they highlighted one thing: they received different advice from different parties in Network Rail. They received different advice from the Network Rail routes and from the Network Rail infrastructure project teams. They highlighted to us that they found it difficult to interpret advice when it was conflicting, and, ultimately, they relied on the assurances given by the project teams and the chief executive of Network Rail in those circumstances.



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Professor Glaister: As I recall, it came out in your earlier sessions with the system operator that the system operator of the time saw their task as responding to requests to rewrite the timetable. As professionals, they were concerned about whether that was actually feasible, but they got on with it and did their best.

That may well have been correct within their terms of reference at the time, but it raises the question—to touch on points the Secretary of State and others have made—of whether somebody should have been in control, with the responsibility to make a decision that, yes, this can be done, or, no, it cannot be done and we have to do something different, otherwise we are putting too much risk on to passengers.

Q597 **Chair:** Do you think they understood that it was their responsibility to take that role?

Professor Glaister: I do not know.

Q598 **Chair:** Have you any thoughts on whether they felt pressured from the DFT to be seen to be delivering the benefits of enhancements?

Professor Glaister: We know that that was explicitly discussed in the northern programme board.

Dan Brown: Yes, that was clearly the case, and it came out very acutely in the evidence we received from Mark Carne over those times.

Chair: We would like to look at Network Rail's timetabling resources, which were clearly put under a great deal of strain in this period.

Q599 **Grahame Morris:** The structures are very complicated, and I am struggling with them as much as anyone else is. Professor Glaister, you told us that timetabling is a very technical activity. Is Network Rail's timetabling operation based in Milton Keynes?

Professor Glaister: Yes, it is.

Q600 **Grahame Morris:** How many staff would be involved in it? Is that a reasonable question to ask you?

Ian Prosser: About 400 people.

Q601 **Grahame Morris:** I recall that from previous evidence. In identifying better resources to tackle the issue, a timetabling team of 400 people sounds like rather a lot to me—I know it is national and covers the whole lot. Would that have made a significant difference to the outcome?

Professor Glaister: I invite Mr Prosser to comment on that, because reviewing the resources available in the past, up until 20 May, was part of his Prior Role Review.

Ian Prosser: Issues with what we call the system operator/timetabling function of Network Rail have existed for some time. Many would take it back to the time when it was centralised in Milton Keynes and the



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resources that were lost during that time, which was a number of years ago. It was subject to review at PR13 for CP5.

At that time, Network Rail, in their strategic business plan, predicted that they would create efficiencies in that area by using modern technology. They had a new integrated train planning system, which they implemented but did not implement in full. Over time, there has been a change, in that the resource has been significantly increased due both to the problems they have had, and to the fact that we have found them in breach of their licence and asked them to speed up the increase in resource. That area has been somewhat problematic for Network Rail for a number of years.

Q602 Grahame Morris: You are saying that, since the May changes, the issue with the integrated timetable teams or project teams—I do not know what the terminology is—has been addressed and substantially improved, so that in future timetable changes, particularly in December, it should not be a barrier to delivering the improvements that we seek.

Professor Glaister: It is certainly true that the volume of resource has been substantially increased in recent months.

Dan Brown: I would not say that there is a process that has been completed. As you know, we are going through our current periodic review of Network Rail, which we will complete next week. You will have seen in our draft determination for the next period that we are assuming a quantum in extra resources for the system operator and we would expect those to build up over time.

We asked the system operator during the inquiry to what degree they could have introduced additional resources at short notice to accommodate the impact of the late GTR decision and the failure of the northern programmes. Having reviewed the evidence, we agree with their assessment that it would have been practically impossible significantly to grow resources at short notice in that way.

To pay the Committee a compliment, when we began this work we drew heavily on the evidence you received from the system operator and others earlier in the summer. We refer to that evidence in the report—that the managing director of the system operator emphasised that they very much made decisions independent of the assumptions that the ORR made in that periodic review when they were planning their resources, and they had plans to add greater resources in anticipation of May, much earlier in the process.

Q603 Grahame Morris: Thanks for the compliment, but I notice that there is a marked reluctance to identify anybody as being at fault in the process, which may be justified by the idea of collective responsibility. Shining a light on the ORR, in view of the evidence that you have given to the Committee, the fact that problems were identified in CP5 and that we knew there would be a huge timetable change in May this year and had



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known about that task for some time, why weren't timetabling resources identified as a key element in your own periodic review process?

Professor Glaister: I shall pass this across to Mr Prosser in a second, but I would like to clarify that the report we issued, which was a first phase, and, by the way, is advice to the Secretary of State at his request, was only ever intended to be a forensic account of the facts. We have gone to a lot of trouble to evidence everything we say, and to check those facts. It is not about trying to blame; it is about trying to establish where things went wrong. Broadly speaking, the conclusion is that it was a failure of the system and institutions, not of particular individuals.

On the other part of your question, I hand over to Mr Prosser.

Ian Prosser: Network Rail in its submission to CP5—

Professor Glaister: This was the control period starting in 2013.

Ian Prosser: It was 2014. In their submission, Network Rail anticipated reducing some of their resource in this area. Obviously, halfway through the control period, they realised that that was not feasible and that they had made very little change anyway. When they brought resources together more, and appointed a managing director of the system operator as they devolved the structure, they realised they had some real issues.

We had been pushing Network Rail, through the periodic review and during and after the control period started, to have what is called a dashboard, to measure their capability as a system operator. In my view that took too long to get up and running, but it is very much central to the periodic review that we have nearly completed, in that there will be what we call a score card for the system operator, and it has its own determination.

Q604 **Grahame Morris:** I do not want to labour the point, but, when you recommended the dashboard as part of your assessment, was an element of the resources going into timetabling? Was that part of the dashboard?

Ian Prosser: In a sense, it was about trying to measure the outcomes of the organisation.

Q605 **Grahame Morris:** So you did identify it.

Ian Prosser: What it was trying to do was to get that part of Network Rail to have a proper dashboard for performance in terms of outcomes—quality and how many errors there were in each timetable, and the recycle that went on—to improve the performance of the operation.

Professor Glaister: The philosophy is not to try to second-guess, because we are not managers, exactly how Network Rail would achieve that result, and what resources they would need, but to specify and agree how their performance will be measured and hold them to account.



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- Q606 **Grahame Morris:** I understand that; without apportioning blame, your job as technical experts is to look at the evidence and make recommendations, and as regulator to have oversight. Is it right that part of your recommendation was to have a dashboard, and one indicator on the dashboard would have been Network Rail's timetabling resource?

Professor Glaister: Not the volume of resource.

Ian Prosser: Not necessarily. It would be about whether they were meeting the timescales that we talked about, which were so important in delivering the timetables on time, and the quality of them. It is not just about the number of people. We have talked about this already; it is about the quality and capability of people. That is why it is so difficult to turn the tap up on this resource, because of the expertise and training that is required. Eight or nine years ago, the industry lost quite a bit of capability in some of the changes that were made, and it takes some time to build it back up. That is something that needs to happen over the next few years for the industry as a whole.

- Q607 **Chair:** Can I just clarify something? When did the ORR first recognise or spot that there was a problem with Network Rail being able to produce the timetables in a prompt and timely fashion, as required, or that they were not producing them to the appropriate quality? When was that identified as an issue.

Professor Glaister: That would have been in January 2018.

Dan Brown: There are two issues. The first is the underlying capability of the system operator to develop timetables. For many years, particularly since 2012, we have seen that the schedule outlined in part D has been applied flexibly by both sides, by the operators as well as the system operator, over that period. The second issue that arose in January was down to the very late changes introduced as a result of a problem with the infrastructure schemes. That is a separate issue.

- Q608 **Chair:** Did the issues identified in 2012, which were essentially about not sticking to the timeframes, not give the ORR cause for concern around resourcing, or was it too loose, and not specifically an ORR responsibility?

Dan Brown: We considered that in the first phase of the inquiry, and it is an area of focus for our second phase, which will report by the end of the year. We do not find, in and of itself, that flexibility is a bad thing, as long as it is applied with good judgment in appropriate circumstances, and not in a way that simply defers decision with the accumulation of risk, as we saw in the approach to May.

Professor Glaister: And that there is due regard to the system effects. You have to be aware that, if you do something over here, it might affect something over there.

Chair: We will turn to the regulatory framework for support for disabled people, which we addressed with our previous panel.



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Q609 **Grahame Morris:** I hope you heard the testimony from the previous panel. This is quite a simple question about your role as the ORR, and whether the regulatory framework is strong enough to address our concerns. My own view is that disabled passengers, even without the terrible disconnection, disruption and stress around the May timetable, have a pretty raw deal. What are you doing as a regulator to address their concerns, particularly as raised by Stephen Brookes to the Committee in previous evidence?

Professor Glaister: As I think was agreed in the previous session, a lot of people were very badly disadvantaged on 20 May, and disabled people particularly so because of their particular difficulties. There are three legs to this answer.

First, we took trouble to document the experience of disabled people, among others, which you will see set out in the report. It is fair to say—Dan will help me—that it was a mixed story. Given that frontline staff were put in a very difficult position, there were some good examples of them using their initiative to execute their obligation to make best endeavours to get people home, ordering taxis, and so on. It was not universally a bad experience.

Secondly, I have already mentioned the investigation into how the companies treated their passengers, which is a much more formal process and will take its time to pass. I am sure that the information given to disabled people will be part of that.

Thirdly, and much more generally, we provide guidance to train operating companies, under what is called the—

Dan Brown: Disabled people's protection policy.

Professor Glaister: We have been researching how that has been going for the last year or so, and we have provided a lot of new evidence. It is not a universally satisfactory story; there are some good aspects, but it needs improving. We are in the process of consulting and are about to issue a consultation document about further improvements in the guidance we give train operators. It is about giving better information on what is available and better training for station staff to make sure that what is supposed to happen happens on the day. It is about making systems more sympathetic to the various kinds of disability that we see on the system.

Dan Brown: As Stephen said, we will issue that consultation next month. It will propose significant strengthening of the regime and will require train operating companies to do more to support disabled passengers. Mr Brookes, to whom you referred earlier, is working with us and has been advising us on the development of that consultation, which you will see next month.

Q610 **Grahame Morris:** Northern passengers in particular had a very bad



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experience. You mentioned the three elements—the investigation and guidance and so on. What powers does the ORR have to make the train operating companies behave in a different fashion, to comply with the DPP?

Professor Glaister: They are our standard powers in enforcing a licence. If we need to, we can start a formal investigation, with a view to finding a breach, and then there are consequences from that.

Dan Brown: We have the ability to fine any rail company up to 10% of its turnover, at the end stage of the process. Clearly we have a process of escalating our intervention before we reach the point of fining. Typically, before that point, we work actively with the company to support it in making changes to its policies and approaches, because that is clearly a much more productive outcome for passengers and the rail industry.

Q611 **Chair:** Have you fined any train operators for failing to provide proper passenger assistance to disabled passengers?

Dan Brown: Not that I am aware of, no. We have had the powers since 2013, when they moved across from the Department for Transport. They had previously been enforced under the franchise contract. This is a relatively new area of regulatory focus for the ORR; we have been building quite substantially our focus and action in support of disabled passengers over the last four years, and the consultation we are issuing next month is a further ratcheting up of our regulatory requirements on operators.

Q612 **Chair:** Can you give us any examples when you have used your powers, short of fining a train operator, and it has led to improvements in the quality of assistance provided to disabled passengers?

Dan Brown: I am afraid that I cannot, off the top of my head, as it is not my area of day-to-day responsibility, but I will be happy to write to the Committee and outline that in some detail. We have taken quite a number of actions.

Q613 **Chair:** One of the issues that has been raised is about passengers with mobility problems getting around stations, particularly when there were late platform alterations. You also heard that there were substantial problems for passengers with sensory impairments, autism or similar, who found the whole environment very difficult to deal with or, perhaps, could not access information. Does the investigation you said you were doing cover them, as well as those with physical disabilities?

Dan Brown: Yes, it absolutely does.

Professor Glaister: And, just as importantly, the general public. They need to be given better information, and that information needs to be created, as you heard in the previous session. There is a lot of work to be done on improving channels of communication between train operators and their passengers, whether they are disabled or not.



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Chair: Obviously, it sometimes disproportionately impacts on disabled passengers. We will turn to health and safety concerns.

Q614 **Ronnie Cowan:** We have just covered most of what I was going to ask. Mr Prosser, you wrote to GTR on 5 July expressing concern about “uncontrolled risks to passengers” because of late cancellations and platform changes, and “woefully inadequate” information to staff and passengers. How satisfied were you with the answer?

Ian Prosser: I wrote that letter because the situation had become as described in my letter. I had been to Harpenden and St Albans and seen what was going on; it was principally about late changes or trains just not turning up. The risks were being well managed by the platform and station staff, who were doing a tremendous job—I cannot stress that enough—but it was not something that could go on for very long.

We were particularly concerned that they should maintain station staff at the manning levels required to manage those situations. We were also very interested in the changes that were going to be made on 15 July, when they were going to rejig the timetable with the promise that it would be stable. That was the important thing. It would be stable; there would be no ghost trains or trains cancelled at the last minute. We asked for some information about driver and diagram matches, which we got, and we were able to monitor that when they started on 15 July. It has been a lot better since.

One of the problems, though, was that it transferred the problem to St Albans, because people were going from London to St Albans to change to get to Harpenden. We had further discussions with GTR in early September to try to make sure that staffing arrangements, particularly in the evening peak, were adequate to manage the congestion that had occurred in some cases.

Q615 **Ronnie Cowan:** If I understood you correctly earlier, you have the power to fine a train operator 10% of turnover. Was there ever any indication that this was a situation when a train operator should have been fined?

Ian Prosser: Can I just clarify something? Our powers under health and safety legislation and enforcement are different from our powers as an economic regulator. I have a set of tools. My letter was the first ratchet in my enforcement policy. We could have put in place an improvement notice, as we call it, and we could have prohibited things, if we so wished, to reduce or eliminate risk. As a prosecutor, we have the ability to prosecute train operating companies or Network Rail, and we do that quite often, not as often as we used to, but three or four times a year we bring successful prosecutions against rail companies for failure to meet their health and safety legal requirements.

Professor Glaister: And any penalty will be determined in the courts.

Ian Prosser: Which is different again.



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Q616 **Ronnie Cowan:** On health and safety, you have to go through the courts and prosecute the train operator. If there is an economic shortfall, you can fine them.

Professor Glaister: Yes, for breach of licence.

Q617 **Ronnie Cowan:** Finance seems to take priority over health and safety.

Professor Glaister: In what way?

Q618 **Ronnie Cowan:** You have the power to go to a company and tell it that you will fine it up to 10% of its turnover if it is not complying with the economic agreement within its licence. But with a health and safety issue, where the public is being put at risk, you cannot immediately bring it to bear on a train operator; you have to go through the courts.

Ian Prosser: Let me clarify. We operate under the Health and Safety at Work Act, as the HSE does and as every other health and safety type of regulator in the country does. Prosecution is the last step. In immediate circumstances, we can issue an improvement notice, which demands that certain things are done by the operator, Network Rail or both of them, and we have done that before, to make them co-operate; or we can prohibit things there and then. We can actually make things happen quite quickly.

Q619 **Chair:** You have the ability to stop the job.

Ian Prosser: Yes. It is a different regime, but it has actually proven very powerful in this country in improving health and safety on the railways and in industry in general.

Q620 **Ronnie Cowan:** Maybe I am being sceptical, but I think that a 10% fine on turnover may be a bigger lever to use to say to train operators that they need to get their health and safety process in place.

Ian Prosser: If you are fined under health and safety legislation, the fine is determined by the judge and the court. Sometimes people plead not guilty, but that is up to them. Then it is up to the jury to decide one way or the other.

Q621 **Chair:** Do you believe that the powers you have are speedier than providing a fine or going to court? Presumably, the ability, if necessary, to stop the job can be applied immediately.

Ian Prosser: Yes. Our powers, which are given to each and every inspector, are quite powerful in getting immediate action, if necessary. Prosecutions can be quite quick as well, if necessary.

Q622 **Ronnie Cowan:** But there are always two sides. There is, "It's gone wrong. How quickly can you fix it?" and "What's the position that would stop it going wrong in the first place?"



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Ian Prosser: That is where, very often, prosecutions have their benefit, by dealing with some of the systemic issues that may have caused the immediate problem to arise in the first place.

Q623 **Chair:** Finally, I want to ask a few questions about the Williams rail review, which was announced by the Secretary of State on the day you published your interim report. What is your view on the terms of reference of the root-and-branch rail review that the DFT launched?

Professor Glaister: I do not think that it is for us to comment on the terms of reference. We welcome the review, which is entirely positive and helpful to us, and we have already said clearly that we will co-operate in any way we can, and support it. I have not yet met Mr Williams, but I have a meeting with him early in November. At official level, there have been discussions, which Dan can say a word about.

Dan Brown: We already have a good working relationship with the review team, such as it is at the moment. Indeed, at the Department's request, I am seconding one of my team to the rail review so that they can benefit from the lessons of the inquiry and the wider expertise of the ORR. The terms of reference are sufficiently broad, and Mr Williams will need to decide what he wants to focus on. We look forward to talking to him about that.

Q624 **Chair:** What is your understanding about how your final recommendations will feed into the review?

Dan Brown: I fully expect to make recommendations to the rail review. However, many of the problems we identified in our inquiry are much more urgent than could be addressed through the review. I imagine making some short-term recommendations to the rail industry and Government about things that need to change immediately for upcoming timetables. In response to the issue of who is in control, where we have recommendations that deal with longer-term structural problems in the industry, I anticipate making them to the review.

Q625 **Chair:** Do you have any concerns that the implementation of your recommendations might be delayed by the wider rail review, or have you had assurances that give you some satisfaction around that area?

Dan Brown: That is why I anticipate making some recommendations for the shorter term that are practical and implementable and that, wherever possible, I have already agreed with industry and Government parties that they will implement them. I do not think that we can have absolute reliance on the long-term changes.

Chair: Do colleagues have any further questions? No. In that case, thank you very much for giving evidence today.