



## Built Environment Committee

### Corrected oral evidence: Public transport in towns and cities

Tuesday 1 March 2022

10 am

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Members present: Baroness Neville-Rolfe (The Chair); Baroness Bakewell; Lord Berkeley; Lord Best; Lord Carrington of Fulham; Baroness Cohen of Pimlico; Lord Grocott; Lord Haselhurst; Earl of Lytton; Lord Moylan; Lord Stunell; Baroness Thornhill.

Evidence Session No. 3

Heard in Public

Questions 24 - 40

### Witnesses

I: Phil Cameron, Interim Managing Director, Lumo, and First Rail Commercial Projects Director; Mark Hopwood CBE, Managing Director, Great Western Railway.

## Examination of witnesses

Phil Cameron and Mark Hopwood.

**Q24 The Chair:** Good morning and welcome to the House of Lords Built Environment Committee's public evidence session on our inquiry into public transport in towns and cities. Our inquiry is considering the impact of technological and digital developments on travel behaviours, future trends in public transport, particularly in innovation, and how public policy might be shaped in the light of these trends.

We are also very interested in connectivity across modes and in better integration through data and innovation. We will make recommendations to the Government later this year. Today's session will focus on rail, and our witnesses are Phil Cameron, interim managing director of Lumo and First Rail commercial projects director, and Mark Hopwood, CBE, managing director of Great Western Railway.

Our session is being broadcast on parliamentlive.tv. A full transcript is being taken and it will be made available to our witnesses to make any corrections shortly after the session. Please can members and witnesses keep their questions and responses brief, as we have a lot to cover this morning?

If I may, I will start with the first question. What impact do you think reduction in passenger numbers brought about by the Covid-19 pandemic will have on the provision of rail services both in the medium term and in the long term?

**Phil Cameron:** At Lumo we launched our services on 25 October. We put services on sale on 7 September. It is difficult for us to tell at Lumo, because we have seen a number of different things happening in the markets. Obviously when we launched the service there was a lot of interest. We started with two services each way per day, and over 90% sold straight away. We had a teaser price out there, so we saw fantastic loadings from the start. We had a good Christmas, but then Omicron affected us after Christmas. Then into February we started to see things pick up. We looked at numbers yesterday, and we are seeing a hint on some services that the business market is coming back on a Monday—the 6.14 am from Edinburgh to London, for example.

We did not think the weekend market would go back that early, but numbers seem to be picking up. We are a brand-new business; we have not had 12 months of operation yet. Our market is changing, but we are pleased with it, and with what we are offering we will see numbers come back.

**The Chair:** That is good to know. Do you want to tell us a bit more about where Lumo operates?

**Phil Cameron:** Lumo operates from London to Edinburgh and Edinburgh to London. We call at Stevenage. Some services are pick up and set down only; we are not competing with GTR or LNER on that route. We were trying to pick up the airport market out of Luton and Stansted. We call at

Newcastle, Morpeth and then Edinburgh. We launched on 20 October with two services each way per day. Just before Christmas we boosted that up to six. We are now at eight services per day, since 21 February, and from 1 April we will have five services in operation each way.

**The Chair:** Is your main competition other railways or is it the airlines?

**Phil Cameron:** No, not at all. The aim of the bid, and what we did and had the oral sign-off on, was to try and take people away from low-cost airlines from London to Edinburgh and out of the long-distance coach market. We are trying to grow the rail market, not compete with the rail market.

**The Chair:** Thank you. Mr Hopwood?

**Mark Hopwood:** I have been asked to appear before you as the leader of Great Western Railway. We are a regional operator. We run inter-city long-distance, local regional services across the west of England and south Wales, and we run commuter services around the Thames Valley.

In answer to your question, we are seeing some very different impacts in different parts of the business. The leisure business, which pre-pandemic was just over 50% of our business, has actually bounced back quite well, and certainly in the type of environment we are in now, where most government restrictions have been lifted, we are seeing that bouncing back, particularly on the west of England flow.

Both summers that we have seen through the pandemic have been particularly busy for the West Country. The area that is struggling the most is business travel and longer-distance commuting. Some of the shorter-distance commuting of people travelling to jobs where they have to be present—perhaps shops, warehouses, people going to school and college—has of course come back. Longer-distance commuting from more affluent areas into London is the weakest area for us, and that is something that we share with many other train operators. That is beginning to stabilise. We are seeing growth in commuting, but if we are honest, it is relatively slow.

**The Chair:** Do you think this is a permanent trend? I suppose that is the real puzzle.

**Mark Hopwood:** You talked about the committee looking at the role of technology. This did not start with the pandemic. There was evidence prior to the pandemic that people were beginning to work more flexibly, to work from home, and beginning to use technology. For example, we saw numbers commuting on a Friday morning beginning to diminish prior to the pandemic, so the role of technology and a more flexible approach to working was in evidence before then. The pandemic has clearly massively accelerated it.

Q25 **Baroness Cohen of Pimlico:** I am interested in knowing whether you think it is settling down to the suggested hybrid model of one to three days per week commuting on the business side and the leisure side

continuing to go up. Does it work like that? Do you see a hybrid one-to-three day a week model, which makes life very difficult for the commuting trades?

**Mark Hopwood:** If you break my business crudely into three areas, leisure travel has bounced back. Leisure travel has been suppressed on each occasion the Government have imposed restrictions, but on most routes it is now pretty close to pre-pandemic levels. Leisure travel into London is still an area of weakness.

Business travel—not people commuting, but people going to meetings, conferences and so on—is still substantially down. For commuting there are different models. London is clearly suffering to a greater extent than some of the regional centres. Certainly we are almost back to pre-pandemic commuter levels in places like Exeter, because a lot of those people are actually travelling to school or college and have different types of jobs from the jobs that people might have in London. The well-paid professionals in London are proving to be the most difficult commuters to get back, because they are very comfortable in their large houses in Oxfordshire, Surrey and Hampshire and beyond. That is a particular challenge.

Other train companies are reporting quite high levels of patronage on their inner London operation. It is a story of two halves in many respects.

**Lord Haselhurst:** This question is to Mr Cameron. I know that this is an air travel term, but how many slots do you have on the route between Edinburgh and London? What is your competition?

**Phil Cameron:** We have 10 slots—five each way each day, seven days a week. We see our competition as airlines and the low-cost coach operators.

**Lord Haselhurst:** Does on-board hospitality have any beneficial effect on the business market? In the old days when you had Pullman travel—I am not exactly sure how long ago—you had huge breakfasts on Great Western Railway if you were travelling from London to Bristol, or something like that. Is that a factor any longer or is it just gone?

**Phil Cameron:** As I said, we are not at 12 months of operation yet, but the business model we run on at Lumo is a trolley service and a single-class service. We have gone for a specifically designed comfortable seat for all. There is plenty of leg room, and we have at-seat trolley service. You can book your hot food before you get on. In answer to your question, it is hard to say because we are not 12 months in yet, but we have not tried to attract a Pullman executive type of business or BA Upper Class, for want of a better word.

**Mark Hopwood:** From a Great Western perspective, we still operate a small number of Pullman dining services. I started doing this job in 2008, just before the economic recession, and, to give you an example, at that point 42% of civil servants who travelled for work travelled in First Class.

A lot of people who bought meals in the restaurant car charged it to expenses.

Nobody in the Civil Service is allowed to travel first class now. Other private sector organisations have similarly imposed restrictions and clampdowns, and our Pullman dining product has really changed from being something that is predominantly used by people on business to being an add-on for leisure journeys. It is often people travelling to the West Country, perhaps travelling to a second home, perhaps going on holiday, going for a weekend away, and they are treating themselves to a meal on the train.

The nature of the product and the customer base has very much changed. The First-Class customer base, even before the pandemic, had changed in many respects from predominantly business to one of people who are paying for their journeys out of their own pocket and looking for a bit more comfort on board. There is still some business travel there, but it is a smaller pool.

**Q26 Lord Berkeley:** I declare an interest as a happy customer of your Pullman services, which I pay for myself of course. Mr Hopwood, this question is directed primarily to you. You spent several years, I believe, running Southwest trains on a temporary basis, and you may not want to answer questions on their behalf, but talking about public transport in towns and cities, and leaving London aside, you said that some of your services to the cities in your area—you mentioned Exeter, but there is Plymouth, Truro, Cardiff and many other places—are doing quite well in terms of commuters.

What more can be done to provide more frequent services, and more capacity if it is needed, and to link them with the inner urban bus services or anything else like that? Leaving London aside, in all the other towns and the cities that you serve, commuting will continue, as you say, but people may not want to use their cars. I know that it is not all in your grasp, because, of course, it is affected by the fares and what the Treasury allows you to do, but is there anything that you could do, particularly in some of these cities?

**Mark Hopwood:** I will start by telling you what we have done already. If you take Exeter as an example, we have developed the service there in recent years so that we now offer a half-hourly service from Exmouth into Exeter serving both main stations in Exeter Central and St David's, and that carries on to Paignton. That is the type of frequency that is appealing to commuters. We have opened the railway to Okehampton. At the moment, the train is every two hours. It goes hourly in May, and we are calling those initiatives and a number more, which include opening a new station in Exeter and a new station on the Paignton branch, our Devon Metro proposition.

We are moving the services in Devon away from what were seen as a group of rural branch lines, with a service that ran when it was convenient, to now having a proper suburban service that is designed to

bring people in and out of Exeter. Some of you may know Exeter; it is a growing and prosperous city. But other parts of Devon are suffering from deprivation and poverty, and bringing people from Torbay and north Devon into Exeter by train helps to give them better access to jobs and education. The train is a far better option than driving into a city like Exeter, which has a lot of traffic issues.

In terms of the linkages with us, you said not to mention London, but I guess that our desire in many respects is to move those cities closer and closer to the London model. We have some areas that we are very proud of. Didcot Parkway in Oxfordshire has a fantastic bus interchange that links to the business parks and to Harwell, which is an area of enormous growth. Places like Oxford, Bristol Parkway and Exeter all have bus connectivity at the front of the station, which is probably just as good as what you would find in the Netherlands or Switzerland.

Our weakness is that we are inconsistent, and there are some stations, like Plymouth, that do not have very good interchange with the local bus network at all. In terms of how we change that, where we have had success, that success has been achieved through really effective partnership with the local authorities and other organisations. What we need is a plan that understands where we are today and where we want to get to. Rather than just one or two bus routes, we need to see all the bus routes of a key town or city coming to the main station, or certainly as many as possible, and we need to develop the frequency on those routes.

- Q27 Lord Grocott:** You have covered quite a bit of the possible content of the question that I was intending to ask, which is about commuting into cities and the relative position of rail for that in relation to other forms of transport. Do you want to develop that point in relation to changing commuting patterns? Very much related to that is where you talk about the interchange between rail and bus being very important. One form of rail is light rail in cities themselves, so you do not change to a bus but get to the centre by rail. I do not think that is your area of expertise, but would you like to comment on the economics of getting commuters into the centre of cities by rail in relation to other forms of transport, principally buses, of course.

**Mark Hopwood:** I suppose my perspective, and what we have seen in the UK over the last couple of decades, is more devolution. Ultimately, it is probably not for me as a transport operator to direct people locally on how they should achieve this. People need to have a plan that works for their city. But you are absolutely right. If you go to a city like Karlsruhe in Germany, it has a very good city tram network, but network also has trams that run on to the mainline railway and head off relatively long distances. The benefit for those customers, of course, is that when they get on their tram and travel into the city, instead of the tram heading into the central station and the customer then having another journey, it simply joins the tram network and takes them through the centre of the city.

There have been some experiments elsewhere in the UK—I think that has been looked at in Sheffield—but it has not yet been developed. At this stage, there are no plans on the GWR network to develop that, but it is certainly a model that has worked elsewhere.

Our primary focus at the moment is on the development of the heavy rail network. We are seeing an expansion of that in Devon, but Bristol is also seeing a resurgence at the same time. There have been quite substantial developments on the bus network in Bristol, such as the Metrobus concept, which is looking at dedicated bus ways and infrastructure to help improve the operation of the bus network.

**Lord Grocott:** It is odd that these systems are very well developed in a number of countries in other parts of Europe. One place I know fairly well is Dusseldorf. You can get pretty well from anywhere to anywhere else in Dusseldorf via what I would call trams but which I think these days are called light railway. We have not developed it to anything like the same extent in this country, and where it has been developed it seems to me as a lay observer to have been almost pretty random which cities it is developed in and which it is not.

This may be the wrong question to you, but I am trying to grasp what the economics are that determine whether a city will develop a system of this sort or not. I do not think the answer is just, “Well, devolution, and they’ll all have different methods and everything else”. There must be some sort of yardstick or guideline that can explain why some cities of comparable size get involved with this kind of network and others do not. Having heard that monologue, is it a question that either of you feel you can throw much light on?

**The Chair:** Mr Cameron, I think you were involved in commercial projects at First Rail before you—

**Phil Cameron:** I am not an expert in economics or light rail. Sorry, I cannot answer that question.

Q28 **Lord Best:** We have talked about integration with different transport modes. I worry about the integration with the car and the fact that parking at the station is a big part not only of the convenience and the enjoyment of the journey but of the cost. It can be very expensive to leave your car at York railway station, as I do every week.

Is there any link between the rail companies and the parking companies that have not been nationalised or brought into the new GB rail? That is a big part of integrating those two forms of transport. Many people going on an inter-city route will start the journey in a car, and they have to leave it somewhere. It is quite a big part of the hassle of such a journey if it is not taken account of. How does the link to car parking feel? Are there any national standards? Is there any regulation? Is this just a free for all?

**Mark Hopwood:** The car parks on Great Western Railway that are part of the station are part of the railway network. There are some locations

where private sector operators have opened up car parks next to the station. I cannot speak for York, but certainly most of our stations have a car park of some sort or other. We have long recognised the need for people to be able to access the railway network in their car, particularly in less well-developed areas, with people driving quite long distances.

In my business, Bristol Parkway, Didcot and Taunton are three large multi storey car parks that we have built relatively recently. I have changed the branding on my car parks so that they are now branded Great Western Railway rather than branded by the car park operator that we had given the contract to. That way, the customers feel that they are part of the network.

**Phil Cameron:** We do not operate any car parks at the moment because of the limited number of stations we call at. Just to pick up on standards, my understanding was that the car park industry has a set of security standards that you can attain. They advertise to customers that they are part of a secure car parking scheme. There are some standards in the car parking industry.

**Mark Hopwood:** And the British Transport Police have a scheme called Secure Stations, which includes the car park as part of the accreditation.

**Lord Best:** Security is part of it, but I am getting the impression that this does not feature very highly in your priorities.

**Mark Hopwood:** I would contest that in my business. We are under some pressure from other places to reduce the number of people who drive to the station. In places like Oxford and Slough, for example, we have actually seen car park usage decline, while rail usage has grown because public transport has improved.

But we recognise that at a lot of our stations car parking is really the only way most people can get to the station, so it is something we have invested a lot of money in. We have invested FirstGroup money and money from local authorities, local enterprise partnerships and government in increasing the number of car parking spaces across our station portfolio.

**Lord Best:** Do you get the money back all right?

**Mark Hopwood:** Until the pandemic came along, yes. Ultimately, if somebody is driving to a station and cannot actually park their car, not only do we lose the car park revenue, but we are not going to carry that person on the train either.

**Lord Best:** Exactly. Thank you very much.

**Lord Berkeley:** Mark, that is all very interesting, but of course having these enormous car parks contributes quite significantly to the traffic jams in the cities that they serve. What is the solution?

**Mark Hopwood:** Some of our car parking has deliberately been targeted at places like Bristol Parkway and Tiverton Parkway, which are not in city centres. I mentioned Oxford and Slough earlier, which perhaps give us an insight into what we can achieve, which is that we need to see a substantial improvement in the quality of bus services.

One of the challenges away from London is that bus networks have often started winding up at about 6 pm and frequencies have declined, whereas actually a lot of commuters are coming back to the station well after 6 pm. Oxford is a very good example of somewhere where a lot of the bus routes from the station are running every six minutes. It is a London-type bus product, which has led to relatively little use of the car park at Oxford because a lot of people can walk from within the city or use what is a very good network of local transport.

Q29 **Baroness Cohen of Pimlico:** I would like to ask two questions. The first is to Mr Hopwood. Lord Best did not quite get an answer to whether the cost of parking your car adds greatly to the cost of a rail journey. Have you done any work on that? I am just trying to think whether, if the car parking costs me half the whole journey, I will get the train.

**Mark Hopwood:** It is difficult to generalise. The car park prices vary considerably, mainly for historical reasons and reflecting some of the investment and the demand. If you are undertaking a relatively short commute, car parking can be quite a large proportion of the fare. Equally, for someone travelling up from Devon where the car parking is cheaper and the rail fare is higher, it will be a much smaller proportion.

Most of our customers who are travelling from non-urban areas do not really perceive that they have a choice. Most of the housing is well beyond walking distance from the station, and there is no public transport alternative. That is the perspective of a lot of customers. Clearly, once you get into more urban areas, people start to wake up to other options.

**Baroness Cohen of Pimlico:** While I am at it, could I ask Mr Cameron what your customers do when they get off your extremely comfortable-sounding trains, which I am dying to try? In a city like Edinburgh, which I know, when they get off the train, what do they get on to get into the city?

**Phil Cameron:** Waverly, as you know, is in the city centre, but we are building the business up. We are looking at options with other operators. We are about to launch a ticket where you can connect to a ScotRail service, so it is part of the ticket. We have one with SWR into London, so we are looking at that. We have been talking to the tram people and the underground. We know that connectivity is there, but we are trying to find ways of having commercial arrangements to identify that connection. We have been talking to the e-scooter companies and the bicycle companies. We are looking at how we can take that onward travel.

What you said about car parking and value for money is interesting. We are obviously competing with airlines, and we are trying to work out what

total package people are paying to go on their journey with an airline. They have to pay to drive into an airport. Airport parking, in my experience, is more expensive than railway car parking, although I do not claim to be an expert on it. When we are looking at these journey opportunities now and we want to attract a customer, we are trying to understand what the end-to-end cost will be and whether our price package competes with the price package of airlines and coaches.

**The Chair:** That is very interesting. I hope that when we come on to talk about data you will say that you are doing more of that, because I never go to the car park at Heathrow when I have to go overseas; I always take a bus to Woking and the train to the south-west, where I live. If I had not known about that, I would not have taken that very comfortable route.

Q30 **Lord Moylan:** Our focus really is on urban transport, so this question is for Mr Hopwood. I have travelled on your long-distance trains to Plymouth and places like that over the last couple of years, even during the pandemic, and it is a very nice experience. Then I sometimes get in your commuter trains, which are perhaps the focus today, and it is a slightly different world. Do you feel that you love them both equally? If you had to sacrifice one of your children, which one would you let go? Which one do you really have affection for?

**Mark Hopwood:** That is an interesting question. Fortunately, I do not play the role of poacher and gamekeeper, so really it is up to the Government and the DfT and, in the future, Great British Railways to structure how the contracts are put together. We have brought a lot of benefits to customers and the industry cost structure by combining the operation of the inter-city, the regional and the commuter services.

It may be worth you knowing that what we call our turbo fleet—the backbone of a lot of the local services, certainly around Bristol, the West Country and the Thames Valley—is going through a big refurbishment, which proves that I love it. I helped to put those trains into traffic when I was a university student. They are perhaps coming towards the end of their life, but we have given them a big refurbishment, which is happening right now. Some of our local services in the Thames Valley have brand new electric trains, and we are contemplating how we bring more new trains into the business as part of discussions with government. You will see change in the next few years.

In a consultation exercise with stakeholders across our patch, the Government asked them whether they would like the business split into two and suggested that that might be their policy. The customers and the stakeholders blew quite a big raspberry back at them and said that they actually liked the benefits of having the local and the longer-distance trains run as an integrated network, so that split was not pursued.

Q31 **Lord Moylan:** Forgetting the pandemic and going back to pre-pandemic days for your commuter services, what was the constraint on capacity? Were you running at the maximum capacity of what the line or the infrastructure would take, or were there lots of spare slots? If you were

running at capacity, what was the capacity constraint on terminal platforms, station approaches or whatever? What would have been stopping you from expanding the service?

**Mark Hopwood:** We have faced a variety of those issues through the last decade. Over the last 10 years we have worked with the Government and Network Rail to deliver a massive investment programme, which fixed a lot of those challenges. Historically, the longest commuter train out of Paddington was a six-car turbo train, and pre-pandemic we reached the position of running 12-car electric trains on the busiest commuter trains out of Paddington.

A combination of electrification, new rolling stock, platform extensions and some redesign of stations and track layouts had given us a lot of additional capacity. The services out of Paddington were constrained and were not ready for the Crossrail operation, which hopefully will start shortly. Clearly, with the pandemic, we have reduced the length of some of those trains because we do not need that capacity, but we can bring that capacity back in due course.

**Lord Moylan:** What I am getting at in asking the question is whether, if the Government said to you—I am not suggesting they will—“We need to ramp up commuter rail service capacity into London, or wherever, by 20%”, you would technically be able to do that, or would it require a large infrastructure investment? I am not talking about rolling stock now but about an infrastructure investment programme.

**Mark Hopwood:** Do you mean from where we are now or where we were pre-pandemic?

**Lord Moylan:** Where we were pre-pandemic. I am trying to ignore the pandemic.

**Mark Hopwood:** The timetable that we launched in December 2019 really maximised the capacity that had been provided through that decade of investment. Once Crossrail is up and running, going beyond that December 2019 timetable would require additional investment, probably in additional tracks into Paddington and potentially a big remodelling of the track layout at Paddington, because we cannot run any longer trains than our 10-coach inter-city trains because the track layout constrains that.

Q32 **Lord Stunell:** There has been a great deal of government policy activity—the Williams-Shapps plan, the levelling-up White Paper, the integrated rail plan. Do you think that, overall, these are likely to improve the services to consumers?

**Phil Cameron:** From a Lumo point of view, we were pleased to see that open access is mentioned in the Williams-Shapps review. We think there is a role for open access. Hull has had a bad time in the pandemic but is coming back well. Again, we feel that we are in a position to play a big role in levelling up. We have been looking at the north. We set up our headquarters in Newcastle and employed the majority of our people from

the north-east area. The seat that we talked about was designed in Scotland by a company called Transcal based in Livingstone, just outside Edinburgh. We are plain in Lumo about how we have approached in setting it up. We have had one eye to these reviews. The integrated rail plan talks about 140 mph on the east coast main line, which would be fantastic because the trains we have acquired are capable of 140 mph. Genuinely at Lumo we welcome the reviews, and we want to work with them and keep open access going and make a successful business out of Lumo.

**Mark Hopwood:** You will have to forgive me, because people in the Thames Valley and the West Country view levelling up with some suspicion. One of the important points that I would make on behalf of the regions that we serve is that it is important that the areas that are generating good economic activity and generating tax returns have the ability to carry on growing and driving that growth, because ultimately that is what is paying for levelling up elsewhere. That is important.

Certainly, when you look at areas like Oxfordshire—one of the biggest scientific hubs is in Harwell, near Didcot—improving their connectivity with the railway and with places like Heathrow Airport, which still does not have a rail link to the west, is fundamentally important. What the Government did with the Williams-Shapps plan is a good thing. We needed some clarity, and we are very keen to see progress made with that.

The worst thing for the railway is periods of uncertainty and doubt and a lack of understanding as to what the future will look like. The sooner we can get clarity on exactly what the structure will look like, how it will be led and managed and what the key objectives will be in the short, medium and long term, the better, because we are clearly facing some uncertainty at the moment. In fairness, some of that uncertainty does not come from government policy; it comes from the pandemic itself. Hopefully we are beginning to see a bit more hope that the pandemic will bring less uncertainty and that we can return to growth.

**Lord Stunell:** Does GWR have a corporate view about the direction it would like to see evolving from the next five years?

**Mark Hopwood:** Ultimately, GWR is running a contract for government and we want to make sure we deliver what government want. We are owned by FirstGroup. We have seen an awful lot of investment in the railway on the GWR network. We want to maximise that investment. We believe the railway could be improved further. We know that things like decarbonisation are important and we would want to return to the debate we had some moments ago about the role of rail in driving regeneration of cities and towns and improving that urban connectivity.

We were pleased with the Government's policy positions on bus operations and the need to have a plan now for each local authority, and for that to include bus linkages with rail networks. Those things are all positive. There is investment that we would like to see in the rail network

when funding permits. Electrification was stopped on our patch. We think that would be an important part not just of delivering decarbonisation, but of actually operating a high-capacity, more reliable railway.

**The Chair:** Can I just ask about local authorities, as you referenced them? Are the relationships between your different businesses and the local authorities, which matter in getting the infrastructure, good and effective, or are there barriers to progress?

**Mark Hopwood:** From a GWR perspective, most of the relationships are good. Over the last decade, the relationships with places like Cornwall have been particularly effective; the level of investment in Cornwall has been relatively high. Places like Oxfordshire have also helped to drive growth. We are seeing changes in the way funding is provided for local infrastructure projects, moving away from providing money through local enterprise partnerships to more money now being likely to come through the local authorities directly, and it is important that we see how that change pans out.

Some local authorities have had good intentions but have struggled perhaps to get projects off the blocks in the way we have seen elsewhere. It is important that we ensure that all local authorities can support rail investment where that makes sense for them.

Q33 **Lord Haselhurst:** When parkway stations were introduced, they were pretty bleak affairs: two strips of concrete, two rails and a vast car park. Things have changed somewhat since then. We passed through Didcot Parkway recently and saw that other things were being tacked on, as it were. In a previous inquiry on housing, we floated the idea that we should be bringing housing to the railway stations instead of the other way around. From your point of view, is there any merit in pursuing that suggestion?

**Mark Hopwood:** Potentially. There are some cases where that has already happened. Didcot is actually slightly different to many of the other parkways in that it is not a new station; it is the existing town station renamed. Didcot has seen quite a lot of housing growth around the station, partly because of the quality and speed of the rail service. We are sometimes slightly nervous about residential development immediately adjacent to the railway, because some of the people who buy houses there subsequently do not like the noise and other aspects of the railway, which sometimes generates complaints. It needs to be done carefully, but potentially that is an option.

We are making more progress now as a railway industry in ensuring that substantial housing development is granted approval only once it is clear what investment it will bring to the local transport network. Over previous decades, we have probably seen far too much investment in housing but no supporting infrastructure investment with it, and we really have to make sure that does not happen in the future.

Q34 **Lord Carrington of Fulham:** Thank you. Let me, first, apologise for

being late. I was a victim of the RMT strike and buses were rather full this morning, so I missed the beginning of your evidence.

I want to ask you about the convenience of your passengers and the whole question of ticketing. There have been a lot of questions about whether we could extend the contactless ticketing that there is in London, such as where you put your telephone against the Oyster machine and pay for your rail fare. I recognise that it is much more difficult on both your services to do that, but do you think it is possible to do, or do the problems associated with it running across different companies, different types of transport systems and networks, make it an unfeasible ambition?

**Phil Cameron:** I do not think it is an unfeasible ambition, but you are right to point out that there are difficulties with it. At Lumo we have tried to launch 100% digital; we are encouraging people to buy a ticket through our app, so that it is on their phone and they can do it in the same way and take advantage of that technology. The difficulty, again, is that we are selling tickets on an advanced purchase basis, and it is difficult to put advanced purchase into knowing that it is £6 from zone 1 to zone 2. We are competing against easyJet, British Airways and Ryanair moving their fares up and down with demand. We sell tickets through the trainline and other operators, so, yes, we can access the technology, and it is not unreasonable to use the technology, but, in answer to your question, the way it fits with the fare structure is a lot more difficult, because that starts to impact on the market you are competing in.

**Lord Carrington of Fulham:** The fare structure is the key, is it not? I am sure you know much better than I as just a service user, but in London it guarantees you the cheapest fare for your journey at your starting point, which is the key thing about it. You are saying that that does not fit into the business model because of the competition with the airlines. Is that right?

**Phil Cameron:** Yes, that is right. We are trying to compete with airlines and we are trying to sell tickets on a supply and demand basis. Having a fixed price for a Lumo train every day of the week for every hour of each service does not work. If we just published that it is £X on every service and did not have an element of supply and demand, the airlines could just drop a couple of pounds below us and away you go, and we will not get the modal shift.

**Lord Carrington of Fulham:** Yes, I understand that, but there are differences, of course. They have much greater constraints on the volume of passengers they can take on any aircraft, whereas you have a much greater capacity on a train, so consequently they have greater difficulty increasing their capacity faster than you do.

**Phil Cameron:** I am not an expert in airlines, but we have constrained capacity. We have 400 seats on each train and only 10 services a day, so we have a constraint as well. They can move airlines around the world, I am sure. If nobody is going to Dublin, they can pull people off on a

Tuesday and send them to Edinburgh. That is where my answer is. We are competing with the airline, not with rail.

**Mark Hopwood:** With the London model there is clearly a point at which you cannot keep extending it geographically. We have worked with TfL to extend the TfL pay-as-you-go product beyond Greater London. It used to go as far as West Drayton, which was the limit of London—actually, in the Prime Minister's constituency—but it now goes out through Slough, Maidenhead and Reading, so you can use pay-as you-go products there. We are developing other pay-as-you-go products and smartcard technology to operate, for example, around Bristol. Where we are not necessarily the primary operators, so say in Wales, we are lining ourselves up to be part of the TfW product.

Going back to Phil's answer, you will find that the railway in the UK essentially takes two routes. There will be a suite of products that are primarily advanced purchase and bookable online and which most people will have ultimately on their mobile phones. Those will be yield-managed products, because although people do not like the complexity of lots of different fares, they do like the proposition of having low fares. They like the proposition, as they do on airlines and elsewhere in the travel industry, of being able to book ahead and book good value tickets. But a lot of the urban metro-type journeys will be undertaken using similar concepts to that which TfL has launched in London.

**Lord Carrington of Fulham:** If you can extend to Reading, why can you not extend to Oxford?

**Mark Hopwood:** You could, and then you could go to Banbury and then to Birmingham, and ultimately you keep going. The challenge, to some extent, is that there are technological limits to which the TfL computer system can actually deal with different fares and different fare zones and so on. Reading, and the equivalent point around the London Orbital network, is about the limit. We do not really want TfL controlling the system, because once TfL is in control of it, it controls a lot of things like the fares. I do not think that other local authorities would want that degree of influence from a London fare structure.

**Lord Carrington of Fulham:** There are nonsenses in the fare structure, like the fact that buying multiple tickets for different legs of the same journey adds up to less than buying one ticket for the whole journey.

**Mark Hopwood:** We at FirstGroup have said to other operators that what we desperately need is fare reform, and we need to abolish some of these anomalies. We have had to restructure the fare system out as far as Reading and on the Thames Valley branch lines to allow the TfL pay-as-you-go system to work.

There are a lot of anomalies in the fare structure. British Rail had a lot of anomalies. A lot of them were fossilised and cast in concrete at the point of privatisation and cannot be changed. Everyone would like to change that and changing it is difficult. A lot of very clever people in government

and the industry have looked at this, and currently there is no proposition that is sufficiently attractive to customers and the Treasury.

**Q35 Baroness Thornhill:** Good morning and thank you. It is still good to be here from not so sunny Watford, but we have good rail links. The Chair segued us very nicely into your discussion about local authorities and the relationships with them, which I would like to push you a little more on and get some of your actual experience. The White Paper in particular said that the aim was to devolve and simplify the funding model by bringing in local leaders and reinforcing their responsibility for local transport.

From your very real lived experience, will this be a good thing? You certainly both talked about integration and connectivity in a positive way. I can clearly see a role for local authorities there, but what things in particular do you think are helping or hindering this relationship to develop further, and do you have some good examples that we could look at or perhaps where things have not gone quite so well?

**Phil Cameron:** As it currently stands, Lumo has not had any engagement with local authorities to the level where we discussed any funding arrangements or any development, so I would have to defer to Mark to answer that question.

**Mark Hopwood:** I mentioned Devon earlier as an example. We enhanced the Devon local service to half hourly and opened a new rail route to Okehampton. That was achieved through really effective collaboration with Devon council, which has worked well.

I would also talk about the Cornwall mainline. It is a shame that Lord Berkeley is no longer here, because I know he has a particular interest in this, but we have historically had a service that was hourly, in some cases less than hourly, on the Cornish mainline. To run more trains required investment in signalling, so Cornwall council secured investment; strangely enough, European Union investment at the time because of Cornwall's status as an area needing additional support.

That signalling has allowed us to have a timetable that has two trains an hour from Plymouth into Cornwall, down the mainline that runs right through Cornwall, down to Penzance. We also have a railway that serves St Ives, which is one of the busiest holiday resorts in Cornwall and has no real ability to absorb any number of cars. We had a small park and ride facility at Lelant Saltings that had outgrown its usefulness, so Cornwall invested in a much bigger, much better park and ride facility at St Erth.

We have also seen significant investment, driven by the local authority, in the London to Cornwall overnight sleeper train, and movement of the train maintenance facilities from the London depot, which was closed as part of the HS2 work, to a new depot that was constructed with funds that were secured jointly down at Penzance in Cornwall. Cornwall council is leading improvements in a number of things, and we are now discussing the concept of a mid-Cornwall metro with them.

Cornwall is very effective, dynamic and good at building partnerships and exploiting funding sources, and that has led to real improvements for passengers. We are now working on a similar agenda in the Bristol area with the West of England combined authorities, with half-hourly services about to launch from Bristol to Gloucester, out to Westbury and hopefully, in due course, reopening the railway line to Portishead.

**Baroness Thornhill:** You were slightly let us say sceptical about the levelling up and not levelling up land, and people would share that concern, but how much do you see this sort of devolution of powers—the greater involvement of local authorities, the plan for each authority—really making a difference in areas that we all want to see improved? I think there would be consensus about that. How realistic and how driven do you feel the current policies are? Do they match well? It is interesting, because the other areas that you mentioned would not necessarily be included in that area. Mark, do you want to carry on, as Mr Cameron is saying that he has not had a lot to do with local authorities?

**Mark Hopwood:** We have examples of where people have been able to secure funds. As I said earlier, some of that money has come through local enterprise partnerships, so we are quite keen to understand how that would come through local authorities in the future. From my perspective, one of the things about levelling up is that you can look at it a macro level, but you can also look at it at a micro level. Even cities like Oxford appear superficially to be very prosperous, but if you drive down the Cowley Road in Oxford, you realise that Oxford has areas of quite serious deprivation. It is no coincidence that some of the public transport links to those parts of the city are nowhere near as good as perhaps they are other parts of the city. There is, in fact, a plan to convert a railway line into passenger operation, so it is really important that the policy is looked at in that context.

Bristol is another good example. A lot of people are very proud of the growth that has been seen in the last few years in Bristol, but there is also quite a lot of poverty in the Bristol area. The Beeching cuts of the 1960s pruned the railway network back in Bristol to a greater extent than in virtually any other city in the UK, so recovering the suburban railway network around Bristol is fundamentally important to rebuilding that city.

One of the challenges, and Bristol is an example of this, is that the local government boundaries do not always help us. The area that some of us might think of as Greater Bristol—I am not supposed to use that phrase—actually has four local authorities. As well as Bristol itself there is South Gloucestershire, BANES, and North Somerset, so there are a number of challenges in bringing local authorities together to do that. In other cities, historically that was done with what were passenger transport executives and which have now grown into newer forms of transport agency. In Manchester, for example, they are getting closer and closer to the TfL model, but we do not have that type of body across all parts of the country, which is a potential challenge.

**Baroness Thornhill:** That is fascinating. Thank you very much indeed.

Q36 **Lord Grocott:** I am glad you mentioned Beeching, Mr Hopwood, particularly given what you have told us about Okehampton—I think I am right in saying that it is a trailblazer in many ways—developing not a heritage railway but a regular commercial railway to try to repair some of the damage of the Beeching era, amongst other things. Devon and Cornwall in particular are replete with abandoned rail tracks that were closed during the Beeching era. How much do you see Okehampton, as a trailblazer in reopening lines connected to mainlines and going into cities, being something with real potential for moving people around more effectively and in a more environmentally friendly way, and all the other consequences of rail as opposed to road transport?

**Mark Hopwood:** I guess in the spirit of honesty I would say that, although we are tremendously proud of Okehampton and what was done, it had the massive advantage that nobody had ever lifted the track and we always retained the ability to take trains there, even if we did not have a regular scheduled service and the line had been leased to a freight company. It had to be rebuilt to modern standards, but that was a lot easier than starting from scratch.

A lot of people share the aspiration to reopen railway lines, but you have to be incredibly realistic about what a big task this is, both in terms of the money that is needed and in some practical objections, such as railways crossing roads on level crossings, which are frowned upon, some of the land having been sold, some of the land having been developed, some of the houses nearby being owned by people who might not welcome a railway line trundling past the end of their garden. There are a number of real challenges to this, but obviously where a case can be made and people are willing to fund it, we would want to support that.

I have mentioned Portishead in Bristol. Heavy rail may not be the answer. A railway was closed from Kemble to Cirencester and is being evaluated for reopening, but as a light-rail, self-contained shuttle rather than as part of the heavy rail network. It would also be prudent and sensible to remind people that there are some really effective things that can be done with buses. At the same time as we reopened the Okehampton line, we also jointly launched a new bus service that links Okehampton with Tavistock and is effectively a virtual branch line that continues that train service.

I grew up in the Thames Valley in a town called Marlow, and the line from Bourne End to High Wycombe on that line was shut in 1970 and has been built over. There is regular demand locally for the line to be reopened, which is practically very difficult, but in the last few weeks we have turned the local bus network from Bourne End into High Wycombe into a virtual branch line. The bus stops have a railway double arrow symbol, and we are building information about those services into our systems and looking at things like through-ticketing. There are options to improve the connectivity without necessarily reopening the line, as that example shows. We would of course love to reopen lines, but the cost is huge. There is a long list of projects that have been submitted to the Department for Transport for consideration as part of its Restoring your

Railway project, but it will be interesting to see how much funding actually comes from the Treasury to support that.

**Lord Grocott:** You mentioned that the advantage of Okehampton was that the track was there. Obviously that is an advantage, but it is a fairly minor one in comparison with whether or not the track bed is there, is it not? It is not that big a job to put track back down on a lot of the lines where the track has been ripped up, but obviously if the tunnels and the cuttings have been filled in, that is a different game altogether. But at least of late there has been much greater recognition by most local areas and local authorities that, even if they do not currently have the railway restored, they are going to protect the route.

**Mark Hopwood:** Yes.

**The Chair:** Would you be able to help us to get some information on the potential of reopening lines? Is there some central source?

**Mark Hopwood:** In terms of cost?

**The Chair:** In terms of what is available and what is viable. You have obviously talked very helpfully about the south-west and the south.

**Mark Hopwood:** It is probably worth you being aware that the Department for Transport has initiated a piece of work called Restoring your Railway. It is now running into the second tranche, and it has invited submissions from local Members of Parliament who can sponsor this, but they need the support of groups locally. There is a list on the DfT website of quite a very large number of schemes that have been proposed, and a small number of those have been given seed-corn funding to take the development of their project. It is still very early, but it is the next stage of development.

**The Chair:** Thank you. We will ask them.

**Phil Cameron:** There is a stations reopening list as well, is there not?

**Mark Hopwood:** Yes, there is.

**The Chair:** We will look at that and ask them when they come to give evidence.

Q37 **The Earl of Lytton:** Good morning, gentlemen. Lord Carrington has already addressed part of what I was going to refer to in relation to the delivery of contactless ticketing, but there is great concentration now on what data is coming out, post-pandemic in particular, and I wondered whether you could tell us about the use of that data.

Mr Hopwood, you referred to the bus service running up to High Wycombe, and clearly you must have had a lot of data on people actually using that and how they are interlinked with your service. Obviously, Mr Cameron, you must be collecting a lot of data from your contactless thing. To you both, what are the examples of good and bad practice in the UK, or for that matter overseas, that we as a committee could look

at?

As a supplementary question, which is not totally unrelated, what are your respective views on the current flexible season ticket offering? You may have picked up that the committee was a bit less than enthusiastic about what benefit it thought that conferred to users. More particularly, we were less enthusiastic not only about the price structure but about the fact that the person booking the ticket would have to predict some way ahead what sort of travel pattern they were going to have. It seems to me that the whole of this could be broken back down into getting the best value ticket, simply because the electronic systems can gather all this data and produce a really worthwhile cost-effective approach.

**Mark Hopwood:** I suppose the leaders in the field in this are TfL, because they have been operating the Oyster product for well over 15 or 16 years. It is not entirely true that we did not have data before; even back in British Rail days, the industry used to have to allocate revenue and therefore was keen to use equivalent demand forecasting tools but for the allocation of revenue. The quality of data in this area has always been quite good, but it obviously substantially improves as you move towards smart ticketing. We have reached a critical stage now, because although a lot of paper tickets still remain, we have moved many customers away from them already.

One of the questions was about the barriers to this. One of the challenges is that we have a different system in London to what we have in other parts of the country. My colleague, Phil, talked earlier about the type of tickets that we use on long-distance journeys. Those are generally conveyed to the customer by a barcode product, which is usually shown on their phone and occasionally on paper. That is not compatible with the TfL system, because any rail journey that involves travel through London includes the Underground. We are still having to sell those on paper products, so we cannot give a barcode ticket to anyone who is going from Reading to Colchester or Oxford to Tunbridge, for example, because they cannot get through the gates in London. That is a particular challenge. There has been a difference of perspective from TfL, national rail and the DfT on that, so that will need to be resolved in the future.

The data that is available from smart ticketing is obviously substantially better, which gives us the opportunity to use it to better understand how demand is working. It also allows us to be more sophisticated in how we deal with things like peaks and potentially to designate different trains as peak services, for example.

**Phil Cameron:** I would like to go back to the point about the advanced ticket market versus the open ticket market. Where we have people buying open tickets and we are not sure which train they are travelling on, we are not capturing that data. Again, that is a policy debate. I would not get into whether we want an open railway or a railway like an airline where you have to say, "I'm buying a ticket for that train and I'll go on that train". If we knew which trains people were travelling on, we would have the data for where they were going and understand where the

demand was, but we do not currently have that. People buy an open ticket and we are not sure if they will travel. Somebody could buy a ticket today to travel on a Lumo train or an LNER train, and they will make that choice when they get to the station. They pay a bit more than an advanced fare, but that choice is open to them because the policy on the railway is to have an open railway and a turn up and go railway. Whether we need to look at that to improve the data, I do not know.

We obviously want to understand what airline travellers are doing, so we garner what data we can get from what they will publish about how many people are travelling and try to model it and monitor their fares. We are trying to monitor what the airlines are doing so that we can get modal shift of railways and understand how people are moving.

I spoke earlier about the on cost. You can make a comparison: "I can fly from City to Edinburgh for £35 and Lumo is £40. Am I paying £5 more?" But then you have to work out how you get to the airport, how you get to the station, how you park, where your cost continues, how much luggage you can carry, what other on costs there are and what other on costs there are. We are starting to try to use data to model that, but one of the biggest barriers to data is the fact that we have an open system on the railways. Even if we went toward smartcards, we would start to get more data that way, but there is still that element of selling an open ticket and an open railway and not having to book a seat on a train. You book a ticket for an A to B journey.

**The Earl of Lytton:** I travel into London on Southern Rail, and I am familiar with the business of things that are readable electronically on Southern Rail but are not readable on TfL. I can use a phone with a QR code on Southern and get to London, and I can use a contactless debit card for my TfL journey. Is it really such a hardship to use two different devices to achieve one's journey? I appreciate the point about gathering data being very difficult, particularly if you are using a contactless debit card, because it is not clocking a journey; it is just clocking a sum of money. But from the point of view of the commuter making optimal use of the transport system, which is really what you want, is it a barrier?

**Phil Cameron:** I do not think it is a barrier to entry. People will come and use the railway in that way.

**The Earl of Lytton:** Perhaps they need to be better educated.

**Mark Hopwood:** The biggest challenge perhaps is more for journeys that involve travelling through London—I gave some examples of earlier—where the ticketing systems are not compatible. But a lot of people are doing what you have suggested now; they are buying the best-value national rail product and then using a London product at the other end.

**The Earl of Lytton:** I asked about the flexible season ticket offering. Do you have any views on that, because we did not feel that it was as user friendly as it ought to be from the point of view of the consumer. The Government were fairly robust in their defence of the arrangement, and I

wonder what your experiences have been.

**Mark Hopwood:** The products that we have in place have had a degree of uptake. Obviously the pandemic has, to some extent, had an effect on how many people have used them, but they are being used to a greater extent. One of the challenges, if we are honest, is that season tickets have always had a significant discount over daily tickets, particularly for longer-distance commuting, and there is a question of principle about whether that degree of discount should be available to people who travel less, or whether the discount should diminish as people travel less. Different people in different places have a slightly different perspective on that. The Government were very keen to have a product, but they were also keen that it did not diminish the revenue that we yielded from those customers.

**The Earl of Lytton:** That was what you might call a Treasury decision on that. Otherwise, why could you not offer a buy five and get one free kind of approach?

**Mark Hopwood:** That may well be your conclusion.

**The Earl of Lytton:** Thank you.

**The Chair:** Very tactful.

Q38 **Lord Haselhurst:** Thank you very much indeed. I am curious to know what you would feel about possible new forms of transport that might emerge over the next 10 years. There is talk of hydrogen and superior batteries and so on. What caught my eye in particular was an article in the *Sunday Times* last Sunday about Citroen, I think, which had produced a vehicle that had a maximum distance that it could travel without being refuelled of about 42 miles and a speed limit that it could go to, and it was sort of an enclosed vehicle, like a Mini. In your opinion, will that become a feature in moving people around over short distances in a way? They were talking about the retail cost of this vehicle being £7,000. I do not know about that or about others, but do you see on the horizon forms of transport that will have any measurable effect on what we have been talking about so far?

**Mark Hopwood:** Inevitably there will be change. I am not sure that I am particularly well qualified to gaze into my crystal ball and tell you exactly what will happen. We have certainly seen change in two main respects, and that will continue. One is in the technology for what you might see as existing methods of operations of trains. Cities where we do not have electrification, for example, will start to look at battery operation. You mentioned hydrogen. People have become slightly more excited about hydrogen than they perhaps should have. Ultimately, hydrogen is really just an ability to generate power to charge your batteries on the train. In my view, and I am not an engineer, you only really need hydrogen if you are running on the far-north line in Scotland or heading out from Shrewsbury to Pwllheli, for example. If you are operating relatively short distances from the mainline where you will be able to recharge the train

using other means, carrying a large tank of hydrogen around does not necessarily make sense.

We are interested in batteries on our Great Western network and have just signed a deal with a company called Vivarail to put fast-charging equipment on the Greenford branch line in west London, which runs from West Ealing up to Greenford in the borough of Ealing. That train will charge during its turnaround time at West Ealing each time it gets back to the mainline and will be able to operate all day without having to go back to the depot to recharge its batteries. We hope to have that train up and running towards the end of the year. Members of this committee would be very welcome to come and have a look. It is not too far from central London. If that technology is successful, it would obviously allow us to operate with zero emissions without the very significant infrastructure costs that come from electrification.

As for other developments, we have seen things like Uber, which has not been a radical use of new vehicles, but the software technology that drives Uber has been very new and has transformed people's ability to access taxis and private hire, often to the advantage of us as a railway business. One of the difficulties people often had was getting hold of taxis, and as you approach big stations in big towns and cities you will now see people on their phones, booking their Uber to pick them up as they get to the station. That type of connectivity has been good. No doubt other things will develop in the future.

**Q39 Baroness Bakewell:** Can we talk about the pleasure of railways? This conversation today has been very utilitarian and has been about moving people faster, connecting them better, making the ticketing easier. What about the pleasure of being on a train and travelling from one place to another? You see families getting on a train in Paddington. They are going to Cornwall; the holiday starts in Paddington. Do you have suggestions for making it more fun? I enjoy trains. I like arriving early at the concourse so that I can browse around for a while. I always get on the train early. I am interested in the facilities. They seem to be diminishing; they are not as sharp as they used to be. There is a place for offering people entertainment—I do not mean movies, because they bring those with them—to make the journey part of the pleasure of travel. Have you any suggestions?

**Phil Cameron:** When we set Lumo up, we tried to take a fresh approach to rail and we researched what was going on. As I said earlier, we put a lot of time into making sure that the seat was comfortable for four hours, following feedback that we had on some seats, so we have done that. We also had feedback on the lighting being very “in your face” and sterile, and that the trains were very well lit up, almost like a dentist’s room. We have three sets of lighting on our trains, and the drivers will set the lighting to the time of day.

Our drivers now make announcements to make the journey more interesting. We run in time slots that sometimes get slowed down, and the drivers will make an announcement: “Don’t worry. We’re being

slowed down here. We're still on time". They will point out the Angel of the North, the Minster at York, the Royal Border Bridge at Berwick. We have tried to do a bit of that to make the journey more interesting. Generally, our customer base, I must say, wants to get its head down and be asleep from London, and they will bring their own food and sit and think. We have had great feedback on it and the staff are so friendly, but I do not know if it is attracting any new customers.

**Baroness Bakewell:** If society is going to change, as we anticipate it might, and more people will be working at home and conferences and big meetings will be done on Zoom, there will be more leisure travel. More people will be looking at the journey as an event, as being part of the pleasure of life. There is scope for improvement, is there not? For example, all of us dread being in a compartment next to a family with noisy children. Might there not be an arena in which the parents could book a "noisy" compartment if they had children, rather like the "quiet room", which I favour? Original ideas like this are due, are they not?

**Phil Cameron:** We had another look at that, and one thing that we tried but have not pulled off yet was to get everybody who booked through our app to give the reason for the journey so that we could move them around without them knowing. If you got, "I'm travelling on a hen night or a stag party", we would put that group in coach B. We are trying to develop technology that allows our staff to move the reservations on the day based on what they find in front of them—"Sorry, you've come with your family", or "Sorry, Madam or Sir, you want to be in a quieter coach. Don't worry, I'll take that reservation off there and move it round". We have the ability and the systems to do it, but we do not have the data to do it at the moment. We are not there with it in any way, and it is a fledgling idea but, yes, we are trying to find a way of giving people a journey that they aspire to.

**Baroness Bakewell:** Do you think there is scope for improvement, Mr Hopwood?

**Mark Hopwood:** Absolutely. You hit the nail on the head when you were talking about the journey being part of the experience. That is the perspective of commuters perhaps compared to the perspective of people who are going away for a holiday or for the weekend, which is quite different. We talked with Lord Berkeley earlier about the Pullman dining car. A lot of people have enjoyed the dining car on Great Western. It loses money, and it is there as a loss leader, but it gets very positive feedback and is something to think about.

Last summer, we experimented with family reception centres at Paddington and Reading where people could take their kids. We have also redeveloped things like kids' entertainment packs. If our onboard crew see a family, and the kids look a bit restless and are noisy and looking a bit bored, they can give them a pack with some colouring and drawing and some little quizzes and things like that. Those types of things are relatively small, but they make a difference.

Other countries overseas have looked at redesigning the interiors of trains. My daughter actually went down a slide on a train in Switzerland in the family carriage. The challenge for us is that we have always been asked to look at maximising the seating capacity of trains. The investment cases that end up with Treasury or with private sector owners are often looking at making sure that the trains have the best possible seating capacity. If we are going to look more at a leisure market than perhaps a commuter or a business market, which seems likely, we will have to be more open-minded about these types of opportunities.

**Baroness Bakewell:** Can you restore sleepers to the glory that the early sleepers had? They have deteriorated considerably since.

**Mark Hopwood:** You are entitled to your opinion. I am not entirely sure I agree. The Great Western sleepers have been refurbished and we have had very positive praise. The Caledonian Sleeper has put in a brand new sleeper. The sleeper product is very popular. Again, financially, it is a challenge, because the vehicles only work one revenue-earning trip each day, so there has to be an underlying level of support for that.

**Baroness Bakewell:** I travel on the Caledonian, and I get the sense that they are cramming more people in rather than allowing more space. I can see the utilitarian reasons for cramming people together, but it fights against the pleasure of the journey.

**Mark Hopwood:** That will always be the dilemma for the railway in general, but particularly for the sleeper where, as I said, the vehicles are only working one train a day. The Caledonian Sleeper may want to speak for itself, but I know that it has a variety of different types of compartments, and smaller and larger compartments. The sleeper product is exceptionally popular for us in summer but less well used at this time of year. Those types of products are important, but it is important that people understand some of the economics behind this. One reason why Cornwall is very keen to keep the sleeper is because of the benefit it brings Cornwall, and not just the benefit it offers the passengers who are on the train. It is important that that is understood as well.

Q40 **The Chair:** For me, going on the train, commuter or long distance, wi-fi is important but rather patchy. Do either of you have any data that you could share with us on what customers want? Clearly, as businesses, I am sure you are gathering their views. I tended to find, coming from retail, that people wanted good prices. It was always very high on the list, which meant that you had some difficult decisions to take.

**Phil Cameron:** There is wi-fi on Lumo. We are not charging anybody for wi-fi. We tend to capture the data on wi-fi from complaints and it not working. The feedback that we are getting at the moment is indifferent to the wi-fi. I do not know whether I have any data. I would have to come back to you on that. I will see if I can find some. There is a thing called "throttling"; when people start to use it too much, you "throttle" them back so that you can keep the service up. Effectively, a train carriage has

three SIM cards in a mobile phone and everybody is sharing it. The technology is not that great; it could be more advanced. You have a limited amount of bandwidth that people can use, so people are fighting for individual bits of bandwidth.

We do not allow streaming on our trains in order to give people more chance to use it for other things, but we do provide the ability to watch movies that are already downloaded on to the train. Other FirstGroup railway companies do it. I am not sure if you are doing it, Mark, but we certainly are. A lot of consumers have changed their behaviour. My children will not go on a train unless they have downloaded every bit of Netflix they are going to watch. Consumers will do it before they get on the train, and that gives everybody more of a chance to use the limited wi-fi that is on a train.

**Mark Hopwood:** Phil has explained it well. I would add that we at FirstGroup are working to develop options to improve the wi-fi capability through some exclusive use of additional capability. As Phil said, although we call it wi-fi, I think that people sometimes think that they are perhaps getting something similar to their broadband at home. In reality, we are taking a mobile phone signal from the roof of the train. We are trying to optimise that, but at the end of the day it is still a mobile phone signal, and we are broadcasting it in the train as a wi-fi signal. If we could find a way of taking high-speed broadband from the side of the track up into the train and make that available to customers, clearly that would represent a step change.

You ask what our customers want. In very simple terms, they want the best possible signal to be able to do as much as possible. We have made some progress on that, but there is more to do. This is one of the things that I think will make rail travel more attractive in the future, because if you are driving your car up and down the motorway, I would hope that you are not using the wi-fi too much. There is an opportunity for people to get the best use of their time on a train, whether it is for pleasure and watching a film or whether it is people doing work, and we need to help people to achieve that.

**The Chair:** Thank you. That is a positive note on which to end proceedings. Our next session is a visit to Nottingham on Thursday to see some of the interconnectivity in practice. I would like to thank our witnesses, Mr Hopwood and Mr Cameron, very warmly. It has been extremely interesting. We are early on in our inquiry, so we are keen to get any follow-up information that you may have. Thank you very much indeed.