



Department for Transport

From the Permanent Secretary

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Meg Hillier MP
Chair
Public Accounts Committee

Dear Chair,

DfT Recall

Thank you for your letter of 4 November requesting further updates on the Department's activities following the evidence session on 15 October. I write to respond to the questions raised on future passenger demand and the Williams Review.

What work has been done to understand post-Covid passenger demand?

The Government fully recognises the impact that COVID-19 has had on people's travel patterns and the need to respond to changes in demand.

During the course of the pandemic, the Department has worked closely with the rail industry to ensure that the service passengers receive strikes the right balance between being sufficient to ensure that passengers, including key workers, can travel safely, and protecting taxpayers' interests.

The Department continues to actively work to understand the impact of coronavirus on rail demand, including close working with industry. As part of this we are ensuring that we use a range of rail demand scenarios based on a series of factors that could drive rail demand over the short and long term to influence decisions. These factors include assumptions about the future drivers of rail demand, including the duration of the pandemic and government restrictions, as well as economic forecasts.

Given the considerable uncertainty that the pandemic has caused, these scenarios cannot be used as predictions. However, they do reflect some of the possible impacts of the pandemic on future rail demand.

These scenarios are updated regularly as additional information and research becomes available, and the Department is working closely with train operators, Network Rail and sub-national transport bodies to align and share information, enabling ongoing update, refinement and review, test how schemes or investments perform and share evidence and best practice.

Additionally, the Department has developed an extensive social research and behavioural science programme to evaluate how people have been travelling under varying COVID-19 restrictions, their confidence in using public transport and their intentions to resume or adapt past habits. Methods have included in-depth qualitative research, longitudinal

studies tracking individual attitudes and behaviour since May 2020, and online experiments to establish the most effective messaging on public transport.

To help develop our capability to analyse future demand and stimulate industry recovery from the impacts of COVID-19, the Department has also commissioned Network Rail to set up a new Rail Revenue Recovery Group (RRRG) to provide expert revenue advice to the Department. The RRRG will develop cross industry initiatives to drive revenue recovery, as well as refine our modelling and demand forecasting approach so we can better understand the likely trajectory of, and factors affecting, post-Covid passenger demand and use it to inform decision making as to how best to drive revenue recovery.

We also need to work closely with industry to support future demand and revenue recovery. To facilitate this, the Department has developed and implemented a business planning process for all train operators which aims to improve financial performance, including through driving revenue and passenger growth at the right time.

Train operators will shortly be providing their business plans for the period 2021-2022, including initiatives to drive passenger demand and recovery from the impacts of COVID-19, which the Department will review and approve with assistance and input from RRRG. This is an important first step in giving the Department and train operators the ability to implement government priorities for the railway more flexibly whilst utilising train operator and owning group expertise to help drive revenue, passenger recovery and cost efficiencies. It will also help ensure a coherent cross-industry approach to stimulating future demand.

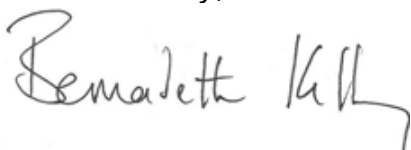
The Department will continue to work closely with industry on initiatives to support demand and revenue recovery when the time is right, including actively working with train operators to develop a solution that offers better value and convenience for those who commute flexibly. However, these initiatives must be consistent with government policy and communications on dealing with the pandemic including, when needed, advice to reduce or avoid travel.

When will the final findings of the Williams Review be progressed?

Keith Williams has made a number of recommendations on rail reform, which Ministers are considering. As set out by the Secretary of State at the Transport Select Committee, we have needed to consider these recommendations in the context of COVID-19 and its impact on the railway, including the new commercial arrangements now in place for rail services. The Department remains committed to these reforms, and intends to publish a White Paper as soon as possible.

I hope this reply is helpful.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'Bernadette Kelly', with a stylized flourish at the end.

Bernadette Kelly CB
Permanent Secretary