

Written evidence submitted by the Transport UK Group (RRB0008)

About Transport UK

Transport UK Group, formerly trading as Abellio UK, is a leading UK-owned, managed and financed public transport operator serving millions of rail and bus passengers every day. We run the Greater Anglia, West Midlands Trains, East Midlands Railway and Merseyrail franchises as well as 11% of London's bus routes.

Led by a dedicated team of industry experts with many decades of experience in the sector, Transport UK is playing a vital role in shaping the future of integrated public transport. We act as a trusted partner for local authorities and public bodies looking to enhance their communities through better and more sustainable transport solutions whilst operating at the forefront of industry innovation. Find out more at <https://www.transport-uk.com/>.

Greater Anglia (a 60:40 joint venture between Transport UK Group and Mitsui): Since Transport UK first took over operation of the Greater Anglia franchise in 2012, trains serving Cambridgeshire, Essex, Norfolk, Suffolk, Stanstead Airport and London have been transformed. During that time Greater Anglia has replaced its entire fleet through a £1.4 billion investment programme and broken records for punctuality. Greater Anglia is consistently the UK's best performing operator, winning Passenger Operator of the Year at the 2022 National Rail Awards, and three Golden Whistles for performance in 2023. Greater Anglia is also the only operator to be making a net financial contribution back to the Exchequer and has consistently improved its environmental performance, reducing carbon emissions by 17% in 2022/23 after 11% reductions in both 2021/22 and 2020/21.

West Midlands Trains (a 85:15 joint venture between Transport UK Group and Mitsui): Transport UK has operated the West Midlands franchise since 2017. The company is investing more than £1 billion in new train fleets and depot enhancements, replacing some diesel trains with electric fleets and modernising stations and car parks. West Midlands Trains has also been at the forefront of several industry firsts, including the development of a new model for delivering driver training that has been cited as best practice by DfT.

East Midlands Railway: Transport UK took on the East Midlands Railway franchise in 2019, operating high speed Intercity services linking the towns and cities of South Yorkshire, the East Midlands and London St Pancras as well as vitally important regional routes. The company is delivering new bi-mode

‘Aurora’ trains that can run on both diesel and electricity as part of a multi-million pound programme of improvements to trains, tracks and depots, and modernising the rest of its fleet with state-of-the-art seating, air conditioning, free WiFi, plug sockets and better passenger information screens.

Merseyrail (a 50:50 joint venture between Transport UK Group and Serco):

We are especially proud of our 20-year record jointly operating Merseyrail, which has transformed into one of the most punctual and reliable rail networks in Great Britain. The company has been recognised as the best performing train operator for customer service in the country by the Institute for Customer Service, and best performing regional operator by the Golden Whistle Awards, because of punctuality and outstanding operational performance, and is creating one of the most accessible rail networks in the country to help disabled customers.

Transport UK London Bus: We currently operate six depots and 11% of London bus routes, serving 150 million passengers each year across central, west and south London. The company’s fleet of more than 850 buses now comprises of 78% hybrid or electric vehicles. We are continuing to invest in our buses and infrastructure across the capital to make our new state-of-the-art vehicles more accessible, more comfortable, and safer for customers and drivers.

Transport UK Responses to Call for Evidence Questions

Section 1: The Integrated Rail Body

If enacted, would the draft Bill provide the necessary legislative foundations for an integrated rail body with franchising powers (Great British Railways), as envisioned in the Plan for Rail?

The reforms set out in the Plan for Rail were intended to prevent a collapse in services precipitated by the 2018 timetabling crisis from recurring. Establishing an independent, vertically integrated ‘single guiding mind’ for the railway industry should achieve this in theory. The proposed solution set out in the draft Bill – namely transferring franchising powers to Network Rail Infrastructure Limited (NRIL) as the designated integrated rail body (IRB) – appears to be the quickest and most convenient way for achieving this outcome. However we believe that once the IRB is up and running, a plan to definitively separate it from Network Rail and its culture will be required in order to avoid creating ‘Network Rail 2.0’. The new organisation will need to appropriately balance and prioritise the needs of operators and infrastructure managers in order to ensure the new system is sufficiently focused on the

needs of passengers, responsive to changing needs, and ambitious enough to seize opportunities to grow the railway.

Will the integrated rail body (IRB), as proposed in the draft Bill, achieve the Government's aim of a 'guiding mind', providing: (i) better accountability, (ii) more reliable services, (iii) greater efficiency, and (iv) coordinated growth, across both passenger and freight sectors?

Would the provisions of the draft Bill establish an IRB with the independence and accountability to achieve its aims? If not, what amendments would be needed?

Robust accountability mechanisms will be vital in the new system. We accept that there will be circumstances in which the Secretary of State may wish to provide Directions and Guidance to the IRB. But this should only happen in exceptional, clearly defined circumstances to ensure that the IRB remains independent. Similarly, secondary legislation should not be used to change the IRB's remit once it is up and running without prior consultation.

Short, medium and long-term planning, reporting and scrutiny processes will also be vital tools to ensure the IRB's accountability. We welcome the requirement to publish an annual report but think this should go much further than just private sector involvement in the railways. The IRB's annual reports should cover its entire business plan, including its focus on meeting passengers' core needs, as well as IRB's progress and delivery against long-term strategic priorities and identified objectives over the preceding 12 months.

Regarding reliability, efficiency and coordinated growth, we think these need to be seen holistically. As the recent Steer report¹ commissioned by the Railway Industry Association makes clear, "under any scenario" GB rail demand over the next 25 years "will grow well beyond the capacity provided for today, growth that government policy, rail services and operators will need to accommodate."

We believe that innovation driven by appropriately incentivised private sector train operating companies (TOCs) and owning groups has a huge role to play in driving this growth and reducing industry costs, which is why we argue above for the IRB to focus relentlessly on the needs of customers rather than other

¹https://www.riagb.org.uk/RIA/Newsroom/Publications%20Folder/Government_should_seize_opportunity_to_grow_passenger_rail.aspx

interests. Alongside this, future rail contracts must be constructed in such a way that enables flexibility and responsiveness to changing circumstances. Clearly, the IRB at the point of award will not be able to foresee changes such as the seemingly permanent decline in daily commuting into city centres and growth in leisure travel precipitated by the COVID-19 pandemic, or every possible innovation which might become available during the lifetime of a contract. Therefore, TOCs must be allowed and encouraged to innovate during the course of their tenure as new technologies become available and as customer expectations change in the ever-faster adapting market for all manner of goods and services.

Are the arrangements set out for the granting and amendment of the IRB's licence and the inclusion of specific conditions within that licence appropriate?

Once the Secretary of State has granted the IRB its licence, we believe that the Office of Rail and Road's (ORR) primary function should be scrutinising the IRB's carrying out of its license - particularly in relation to prioritising the needs of passengers, appropriately and fairly balancing the needs of infrastructure managers and operators, and growing the railway – rather than amending it. To carry out this role properly, ORR will appropriate resources and skills.

What will be the effect of the requirement on the IRB to prepare an annual report setting out what it has done to increase private sector involvement in the running of railway services?

As discussed above, we believe the IRB's annual report should cover more than private sector involvement in the railways. Instead it should encompass its entire business plan, including its focus on meeting passengers' core needs, as well as IRB's progress against long-term strategic priorities and its delivery of stated objectives over the preceding 12 months.

What arrangements should be put in place for scrutiny of the IRB's business plan?

Transport UK suggests that the IRB should have a planning cycle that is longer than a single Parliamentary term, to enable the industry to plan ahead and

invest for the long term. This plan and performance against it should be scrutinised regularly through a joint inquiry by the House of Commons Transport and Public Accounts Committees, with similar sessions at Holyrood, the Senedd, and other major stakeholders such as the Greater London Authority and Liverpool City Region Combined Authority. These scrutiny processes should, as a matter of course, gather representations from operators in order to understand whether the IRB is truly focussing on the needs of passengers and seizing opportunities to grow the railway.

Are there further elements of the Government's aims for the IRB that should be given a statutory footing?

NA

Section 2: Other provisions

Are the interests of passengers and freight users sufficiently promoted by the provisions of the draft Bill?

In light of extant infrastructure constraints, there needs to be a clear framework for managing the competing demands of passenger, freight and open access operators. Ensuring independence and robust accountability for the IRB will be crucial in order to balance these priorities.

Does the draft Bill make effective provision for the role of the Office of Rail and Road?

We believe that the draft Bill provides an opportunity to clarify the powers, role, responsibilities and capabilities of the Office of Rail and Road (ORR), in respect of promoting competition, to ensure this is as effective as possible within the new system. We are concerned that certain provisions of the draft Bill appear to water down the ORR's current duty to promote competition.

What assessment should be made of the draft Bill's provision that the Scottish and Welsh governments may arrange for the IRB to exercise their devolved franchising powers?

There are English local bodies with heavy rail franchising powers, notably the Mayor of London and Liverpool City Region Mayoral Combined Authority, while others with whom we engage through our rail businesses are major stakeholders, for example the West Midlands, South Yorkshire and Cambridgeshire & Peterborough Mayoral Combined Authorities. Sub-national Transport Bodies also provide valuable input in aligning our business plans with regional economic and environmental objectives. We believe that these stakeholders need to be consulted and involved in developing IRB's plans.

What will be the effect of the implementation in UK law of the Luxembourg Rail Protocol? Is the range of powers granted to the Secretary of State in clause 15 necessary to achieve the aims of the Protocol?

NA

Section 3: General

Are the delegated powers envisaged by the draft Bill necessary and sufficient to meet its aims?

NA

What lessons should be learned from previous legislative changes to the institutional architecture of the rail sector?

NA

Are there further provisions within the draft Bill that the Committee should focus its scrutiny on?

Delay Attribution and Performance Regime

We believe this is an area that requires further scrutiny. The current draft Bill text appears to extinguish any performance regime between the IRB and TOCs operating services on its behalf. We believe this to be a problematic deletion of a key component of performance management which seemingly removes from the infrastructure owner any penalty for excessive use of blockades, temporary closures and speed restrictions or infrastructure and system failures. Unless and until a new delay attribution and performance regime can be put in place, the current system should remain in force.

Human Resources and Culture

The railways will not function without people, yet there is a demographic timebomb underneath the industry which will bring serious consequences if not properly addressed, as a high proportion of the most critically important personnel are in the latter stages of their careers and approaching retirement.

We believe the private sector has a huge role to play plugging this gap, including by attracting a wider and more diverse range of people to work in our industry, and unleashing their creativity, expertise and energy by offering them attractive and appropriately incentivised career opportunities.

Conclusion

Thank you for the opportunity to contribute this written submission. Transport UK would be pleased to provide additional information to support the Committee. Please contact Edward Walker, Chief Corporate Officer at edward.walker@transport-uk.com should you require this.

Transport UK Group Limited

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