

**Mark Carne - London First, 6 September 2016**

## **Britain's railway is a success story**

Rail is seldom out of the news. Over the last few months there has been an inspection of the British rail industry in the media, driven by the debate around nationalisation.

Britain's railway is a huge success story. Over the last 20 years, the number of people travelling by rail in this country has doubled. This comes after almost a century of decline. We've witnessed a massive transformation in Britain's rail. Today, we're Europe's fastest growing railway and in the last decade, we've reduced the cost of running the infrastructure of Britain's railway by 40 percent. And we're investing more in our railways than any other country in Europe, and we're Europe's safest railway too.

## **But we are facing a capacity challenge**

This is a remarkable success story on which we can now build. But there is a challenge. A result of the success of Britain's railways is that the passenger growth we've seen is beginning to put serious strain on the network. Almost any major city today will have trains coming into it where passengers have had to stand for extended periods of time.

So, we must address how we best support the country to unlock economic growth potential from the people who would like to use our rail network - but are currently put off by congestion, and from people who do already travel on the network - but would like to be more productive while on it.

This is one of the big challenges that we face as a country. We have to unblock this critical economic artery to enable more housing, more business and more economic growth to occur. Efficient transport is absolutely fundamental the UK's success.

We're not just standing idly by, watching this problem develop. The rail industry is aggressively trying to tackle the challenges in many ways, including by delivering fantastic new trains, new stations and facilities and improving customer service. And here at Network Rail, we are beginning to work in a fundamentally different way to drive performance in the short-term.

I believe very strongly that we need to work in a seamless partnership with the train operating companies. I'm talking about team work. I'm talking about collaboration. I'm talking about aligned objectives - working together with the ultimate objective of delivering an outstanding passenger experience.

This is one of the reasons why I'm changing and have changed the whole way in which Network Rail measures its performance.

We used to measure our performance against targets that were set by a regulator. Today, I measure our performance against targets that are set by customers. Just like a normal business. We work closely together with the train operating companies to deliver this performance.

We have to be chameleon-like in the way we work with train operating companies, because some want to work really closely with us in informal alliances, but others don't. They want different constructs.

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We need to be able to be responsive and adapt accordingly. But irrespective of the structure, the common ingredient must be working closely together with aligned objectives to deliver outstanding performance for passengers.

### **South East**

I roundly welcomed the Secretary of State's announcements about the South East rail task force headed by Chris Gibb. Not only is this going to help us identify how we can help Southern passengers have a better performing railway, but it's also going to examine why the system didn't allow those improvement to happen anyway, naturally, because the system is partly the problem here.

This is not a railway company which is full of bad people. They are great people striving through every sinew, every muscle, every day, to try to help the railway to run better. We need to help them by looking more closely at how the system has worked and why problems have developed.

### **London Bridge**

In my role, I've been able to see first-hand many colleagues' extraordinary achievements. When we re-opened the first half of London Bridge recently this was one of those moments. The station has been completely transformed.

Let's not underestimate the challenge of rebuilding that station. It's Britain's fourth busiest station and we have rebuilt it in the heart of London, under the foundations of the Shard, at the same time as running it every day.

Of course, occasionally it doesn't move as smoothly as you would want it to. We have caused passenger disruptions and we're desperately trying to complete that project so that in 18 months' time when the Thameslink Programme is completed, we will be delivering a completely transformed service for people who use that network.

It's a very complex task to untangle the railway systems at night time and then leave it every day to be able run trains on it again. It's a massive challenge and I'm very proud of the team that have been working on it.

We know that railways don't just transport good and people. They enable fundamental changes in society, in the way society operates. You only have to look at the regenerative impact of some of the major station projects on city centres to see what I mean.

Thinking back to King's Cross and St Pancras here in London - those of you who remember what that area was like not so many years ago and you go back today and it's unrecognisable. It is a total transformation of a whole part of London enabled through the catalyst of railways.

That's one of the reasons why when I go up and down the country from Bristol to Leeds, to York, to Manchester to Glasgow, people want to talk about changing stations, upgrading stations because they see Birmingham New Street is going to be the centre of regeneration in Birmingham, and they see an excellent example of rail driving regeneration around the station in Reading.

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## Housing

Railways are not just important because more and more people are choosing to use them, they are also a major driver of economic growth. We know that rail can unlock housing supply to bring communities that have traditionally been cut off within reach of major urban conurbations.

All over the country, we have seen the impact of rail improvements, new stations, new lines. When railways are introduced or upgraded, investment in housing inevitably follows as businesses choose to move or set up in or near those areas.

We know that rail investment, such as transforming stations, can drive regeneration. But we cannot continue to rely on public funding to do so. It is clear that we need to increasingly source funding from those people, authorities and businesses that directly benefit from better railways.

Turning to London, London has a huge housing challenge ahead of it. We have to build around 40,000 houses a year in London over the next 10 years or so, more per year than has been achieved in any year since the Second World War.

One of the things about those houses is that people want them to be close to transport infrastructure. 50 per cent of the planning applications for development in the last two years in London have been within a kilometre of a Crossrail station, and part of the justification for the development is because of the new railway system. It's that important.

Transport drives development and economic growth. Today, I'm delighted that Network Rail has announced that we will deliver Network Rail land by 2020 that will enable the building of 12,000 houses across our country. 5,000 of which will be here in London.

Today, the Mayor in London also announced the Barking Riverside development, another 10,000 houses largely enabled by a very small 4 kilometre extension to the railway system. Small incremental steps in the railway enabled and unlocking huge housing developments.

## Freight

Railways don't just unlock housing developments. They also help to build housing developments. We have a vibrant freight business in this country that brings aggregates and concrete into the centre of cities and to enable houses to be built.

We at Network Rail continue to focus very much on how we balance freight and passenger needs. When we think about urban planning, it's not just with business and that we need to work much more closely with, it is developers too.

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## **An integrated transport system for London**

Network Rail also has to work, and will work much more closely with TfL in the future. Mike Brown and I are absolutely passionate that we should have a joint approach to railway development.

You can't have underground railway being developed in one way and the surface railway being developed another. We are going to deliver an integrated transport strategy for London - working together. The Elizabeth line and Crossrail are two big examples of this – and this integrated thinking must extend to all aspects of the way our railway system serves London's passengers.

## **Third party funding**

I want us to work much more closely with businesses. The reason why I want us to work much more closely with business is for a number of reasons. Firstly, to be frank with you, we need your money.

You see, the railway used to be funded - enhancements to the railway used to be funded - by taxpayers. 99 per cent of the funding that we have in this Control Period for enhancements is funded by the taxpayer. But, since 2014, our debt structure is different. And as a result we are now on the government balance sheet.

We are a government public sector body and in future the flow of funds to Britain's railways is going to be different. We're going to have to think differently about how we fund enhancements to the railway.

It's definitely the case that those businesses that directly benefit from improved transport infrastructure will be required to make an increased contribution to enable that infrastructure to occur.

This is not just about funding though. It's also about better outcomes. I believe that working with developers, with businesses to deliver for customers will empower us to make better decisions about investments and infrastructure.

One of the challenges that we have is that major investment decisions still take too long. As a result, by the time we actually get round to building them, we're building on an incredibly congested railway system and that is very, very difficult.

We need to focus on meeting the specific needs of individual stakeholders, rather than all of these opportunities being put into an enormous hopper and filtered through various government decisions making processes and then at the end of it watching as some investment decisions pop out, almost at random.

We've got to get decision making in the hands of those people who will directly benefit from it. I think that's one of the key ways in which we will enable faster decisions to be made on railway investments, which is absolutely key if we're going to get ahead of the curve.

I want us to sort of develop improvements to the railway before we have a crisis rather than respond to a crisis. This kind of commercial thinking, the way of dealing with businesses in the future is just one of the ways in which we are transforming Network Rail.

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## Transformation

Network Rail is transforming to put the customer at the heart of everything we do.

Network Rail in the past was an independent company, with its debt held off the government balance sheet. To be quiet honest with you, a lot of our customers felt that it was a company that behaved like a regulated state monopoly.

We may be a public-sector organisation today, but my vision is that we behave like a private sector business – relentlessly customer focussed, cost-competitive, and commercial and with a high-performance culture and a plan to deliver a railway fit for the future.

We need to understand what our customers want and be passionate about delivering it for those customers. That's why I'm devolving power to our 8 different route businesses. To enable those route businesses to focus on the needs of their local customers. They can make decisions faster, better, to deliver outstanding performance for those customers.

We need to be competitive in the way that we work. If you are a monopoly it's just too easy either to be accused of being, or even to be, fat and happy. We must be relentlessly competitive in the way we deliver services. Striving to continually test ourselves against other market providers.

We've got to be commercial in our thinking. Striving to find new ways of working together with business communities to attract new forms of investments into our railway in the future.

We also need to change many of the aspects of the way work is done in Network Rail. We need to change some of the culture in our company. I am passionate about changing our approach to workforce safety. I believe that safety and performance go hand in hand.

And I believe very strongly that we have an opportunity to create a culture in Network Rail that strives every day to be better. That relentless DNA to deliver a better performance every day - that must be the hallmark of our organisation.

## Digital Railway

Frankly our customers need us to rise to these challenges because the biggest challenge that faces Britain's railway is the challenge of capacity.

If you think it's a problem today getting a seat, we estimate that in the next 25 years, the number of people travelling by rail in this country will double again - from 1.7bn/year to 3.5bn/year.

How are we going to manage that extraordinary demand and growth? What a wonderful opportunity it is, but it's also a huge challenge.

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I think it requires Network Rail and the industry as a whole to be bold about the way we use technology. We have to transform the way we control trains on our network to enable to run more trains, closer together faster.

The answer is under our nose.

Look at the way that TfL has transformed the performance of the Victoria line, the Northern line and the Jubilee line through digital train control. A train every two minutes. You don't run to catch a train any more on the tube. You wait until the next one comes.

That's technology. It exists today and we need to put it on Britain's railway network. If we do, we can add huge capacity without the need to pour more concrete and build more railways.

This is most significant in urban settings where building new railways, as we've seen in London Bridge, is so complex and difficult.

We need to accelerate the transition to digitally run railways so we can unlock the benefits before the network is gridlocked. This will be the biggest transformation in the history of Britain's railways. And I consider it a national imperative.

### **Conclusion**

In my view, there is no doubt at all today that Britain's railways are truly a success story. The passenger growth that we've seen over the last 20 years, the transformation and passenger experience, the improvements in safety, the improvements in reliability are just there for all to see.

It is also true that the passenger experience today does not always meet the needs that passengers quite rightly expects from us, and it's clear that we must do more together as an industry to respond.

I'm determined that we play our part. We are investing in transforming Britain's railway, £100 million every week on amazing new projects. In the next few years, you will see the change not just here in London but across our country.

I believe that we must address the issue together of how we're going to enable those kinds of investments to occur in the future. We have to work differently with you to enable different ways to attract that investment.

We're living through a renaissance in rail and the future is exciting. I think we have to be really bold in planning for that future and in changing the way that we work today.

We cannot fail, we must not fail and we will not fail.