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Dear colleague,

You will have seen reports in recent days that we will be launching a major review into rail franchising. This follows the recent issues on East Coast and the introduction of the May timetable.

The review led by independent chair Keith Williams the former British Airways chief executive and deputy chairman of John Lewis.

The Government will publish a white paper on the review's recommendations, with implementation of reforms planned to start from 2020.

I have set out our approach in an oped in The Telegraph tomorrow, which I have attached below.

With all best wishes,

A handwritten signature in blue ink, appearing to read 'C Grayling'.

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When the railways were privatised in the 1990s, no one envisaged the nature of the challenge that they face today. Decades of decline, which had seen passenger journeys fall by a third since 1960, had led to closures of services, lines and stations. Expectations were low.

Twenty years later the situation is very different. Our rail network is bursting at the seams, with many of the most intensively used lines in Europe. On many routes, it simply isn't possible to squeeze more trains onto the network. We didn't know it at the time, but privatisation reversed this decline and heralded the fastest expansion of our railways since they were built by the Victorians. It also delivered record investment and improved safety.

Yet that expansion has brought acute challenges. On major commuter routes across the country, trains are packed each morning. Because there's little resilience or margin for error in the system, when things go wrong the knock on effect can last for hours. The problem is compounded because the railway is run by multiple players without clear lines of accountability. Private companies run the trains, while the track is managed and maintained by Network Rail, a public body.

In response, we have stepped up our investment in the railways, adding new routes, modernising many lines, and introducing thousands of new carriages. And now we are commissioning this grown-up review of the whole system to ensure better services for passengers.

When I took over as Transport Secretary in 2016 I said that change was needed. I started to bring together the operation of the tracks and trains, which had been split up in the 1990s, to be controlled by single operational teams. This would help overcome the problems caused by fragmentation, and create a railway that is more responsive to passenger needs.

I also said that change needed to be evolutionary and not revolutionary, to avoid destabilising the industry. So we have started to shape alliances between the teams running trains and track to create a more joined up and customer focused structure.

But the difficulties with the introduction of the new timetable over the summer, and the problems we are experiencing with many major investment projects, has convinced me that evolution is no longer enough. The collapse of Virgin Trains East Coast has also highlighted the need for radical change.

The rail industry today is too divided. There are too many different companies and organisations, and too little accountability. The result is that we are in danger of seeing big new investments fail to deliver what they should for passengers.

When Professor Stephen Glaister publishes his initial findings today from his investigation of what went wrong with the May timetable change, I expect him to highlight a whole range of failures. We have to accept that the timetabling chaos has severely damaged public confidence in the railways and that too many regular rail users feel that the service is not being delivered in their interests. So it is important that this review is public facing and transparent, and when we establish what we think is the right approach to mend our railways, it must be properly tested and scrutinised independently.



That's why I'm appointing a highly experienced chair to lead the team - Keith Williams, who is a former Chief Executive of British Airways, and currently Deputy Chairman of John Lewis. He will bring real independence to the review, and real insight into how we best involve a workforce in the success of their business.

I want to assure passengers that the review is not a vague, blank paper exercise. There are only a handful of ways to run a railway. This is about looking to the future to design an approach that will work best for passengers and freight users – a model fit for the future supported by the innovation for which Britain is known the world over.

Labour wants us to return to a national, state-run monopoly, and go back to the days of British Rail. They have never explained what this would mean for passengers: less new investment, worse services and taxpayers' money being diverted from public services to subsidise losses. We already have one big, state run company – Network Rail – which runs the tracks, and too often its performance has not measured up. Although most people blame the train companies when something goes wrong, many of the issues are the responsibility of Network Rail. The fact is that the problem isn't ownership of the railways. At a time when countries like France are trying to move away from a cumbersome, state run system, I seriously doubt that this return to the past is the best option for Britain.

There are alternative options. The Japanese approach has its attractions. Strong regional rail companies, which operate both the track and trains, deliver world-leading services as well as a healthy competitive environment that benefits the passenger. Another option is the approach taken by Transport for London on the Overground, with contracts built around performance and joint public/private teams running the tracks and the trains.

The review will look forensically at the different options, and then make recommendations on what will best deliver results in different areas of the country. These will be included in a White Paper in 2019, and we will start to implement them the following year.

I have commuted by train for most of my career; over thirty five years. I still do. I am proud to be in a Government that is supporting a major programme of investment in rail, from Thameslink to the Transpennine upgrade, with new trains in the North, South, East and West. But I can't stand by while the current industry struggles to deliver the improvements that this investment should be generating. So it's time for change.