



*Whether it's Network Rail or National Rail, in my view NR stands for Non Runner*

LAST MONTH THIS COLUMN ARGUED THAT THE HANDLING OF railways by the Government over the last seven years has created a hybrid; a mixed-up mule of a public and private railway that has proved an uncomfortable beast to handle and one which is, ultimately, just as sterile as its real-life counterpart. The resulting creature has pleased nobody and, indeed, has attracted plenty of brickbats.

No better is this illustrated than in the spectacle of an economically-independent regulated railway attempting to rub along with a publicly-owned infrastructure owner, and creating the ridiculous situation in which Tom Winsor can write out a cheque for whatever expenditure he likes, with the Secretary of State honour-bound to sign it.

But key to my argument was the feeling that the Government's policy of endlessly tinkering and muddling through had weakened and warped the railway through eternal compromise – perhaps not so much a mule as a camel, in the sense that a camel is a horse designed by a committee. Whatever the beast, the final 'design' is hardly inspiring. The constant blurring of accountabilities has created a grey version of how to run a railway, where that vital ingredient of 'passion' is at best devalued and, at worst, stripped out.

And that, I believe, is a vital missing ingredient; because, love it or hate it, the nationalised railway structure was one whose biggest asset was passion.

BR, a little like the National Health Service, was something we Brits admired and despaired about in equal measure. It attracted good people to work for it (usually at well below market level salaries), but that didn't seem to matter because it was compensated by a spirit of ownership, with common goals based around a nationalistic pride.

However, pride and passion were also abundant in the first years of privatised railways. I saw first-hand, between 1994 and 1998, how the creation of smaller companies was a great catalyst in putting the wind up the skirts of the old monolith of BR. It created a small business dynamic, of a shortened implementation gap between decision-making and application on the ground, and that, in turn, released the potential of railway people to feel more in control of their destiny and more in touch with their customers. And the currency of that new way of working was passion.

But today we have an emasculated industry, where the driver of nationalistic pride associated with BR is long dead, and the driver of entrepreneurial passion has been stifled.

So if we wish to capitalise on the energy of passion and pride, we really face an all-or-nothing approach. Either a wholly publicly owned and run railway; an SNCF for the UK, where we pour in more and more of our GDP to achieve a class operation in which we all take pride, whatever the cost. Or, alternatively, we have the courage of our convictions, sacrifice the sacred cow of outright public ownership and, in return for a minimum subsidy and pump-priming investment funding, give the private sector a free hand in the delivery of rail services.

The majority of commentators (along with much of the public, according to recent polls), as well as the unions, believe vehemently that the path to salvation lies with public ownership. Call for the men in white coats if you will but, personally, I still believe that the private option is the best one.

In a gloriously simplified nutshell, the network could be divided up into private companies based around the existing major franchises, and integrated vertically to take over all aspects of their existing Network Rail zone or routes. As recipient of all farebox revenues, and depending on its financial status, each company would receive a set level of subsidy or make premium

payments to the Treasury. The company would be wholly responsible for all aspects of its operation, its infrastructure maintenance and planning, and financing any new enhancement to its network that might or might not attract public funding support. Dividing the network up, most of the new regional companies would have subsidiary independent operators over their lines – passenger companies like Cross Country and freight like Freightliner, all served under contract.

It's not rocket science and, apart from embracing vertical integration, it's not a mile away from the vision or mechanics envisaged by the original Railways Act. But a major difference – and the key to real capital investment – could be that the private companies would inherit long-term rights to ownership of assets. That could really unlock the passion.

Statistically, it's very probable you hold the contrary view and believe the answer lies in 100 per cent public ownership. But I hope that we can all agree that we have all had enough of mules and camels and it has to be one thing or the other.

Not that SRA chairman and chief executive Richard Bowker seems to see it that way ... or at least, that's what I think! (I say 'I think' because the SRA's press and media management was characteristically clumsy and ham-fisted, leaving most observers scrabbling to make sense of what was actually being said.) The latest hoo-hah started because, naively, the SRA had attempted to make its own submission to Alistair Darling's big railway review without going public. As sure as night follows day, the confidential submission was leaked to the national press, and the SRA's media team was on the back foot again, forced to defend the plans with a hastily cobbled-together news release.

Equally predictably, its contents drew sharp critical comment from industry players. Not least of which was that, here was

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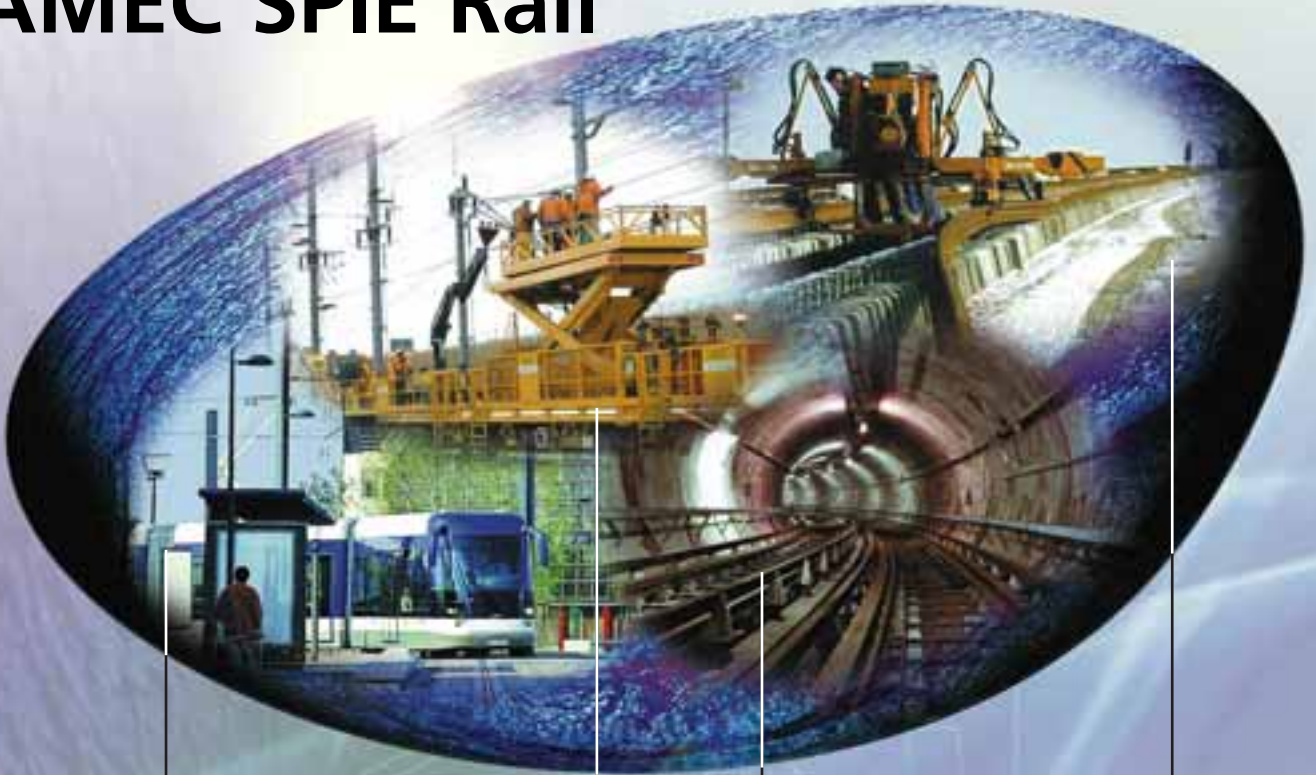
Richard Bowker, detailing what appeared to be his own views on how the new railway structure should be shaped when he was supposed to be consulting the industry on its views and compiling them for the review! Just how much this new vision reflected industry thinking or his own hung on the wind.

Wherever its origin, the submission centred on the creation of a new company called National Rail, merging Network Rail with the franchising operations of the SRA. That sounds okay so far, until you see that under the plan, National Rail – which would also be a not-for-profit company in the private sector – would take over the £4bn a year farebox and leave train operators with the most basic of management contracts. It is envisaged that National Rail would use farebox revenue as security to borrow the financing of big infrastructure projects.

And why this new structure? Richard Bowker has undergone a road-to-Damascus-style conversion, and in supporting his new argument, condemns the current structure thus: 'There is a miasma of contractual relationships, codes and protocols to make all these things work. In the real world it is cumbersome, and you end up with people who are more focused on making the structure work than on the outcome for passengers.'

Which tends to beg the question: would Bowker's new National Rail mule be any nimbler or better at managing the process? For me, the answer is probably 'no'. If it looks like a mule, it's likely to kick like one too, and we've had quite enough of those over the last five years!

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