IN MY VIEW CHRIS GREEN

Chris Green has seen it all in an extraordinary railway career spanning five decades. Now, as he takes up a new post as chairman of Virgin Trains, he reflects on the way the industry has come full circle and expresses concern at the Government's increased control

PHOTOGRAPHY: BRIAN GLASSBOROW

I joined a railway in 1966 that was re-discovering its confidence. The military junta of the British Transport Commission (BTC) was being broken up and Beeching's new British Rail was forcing the initiative down into the new regions, divisions and areas. I was one of many young management trainees who were attracted to the new railway at this time and believed in its future.

We forget now that Beeching was a businessman from ICI. He intuitively understood that a big business, like the railway, needed two things: a high-powered headquarters to shelter the industry from government; and empowered geographic regions that made it happen. We are in danger of losing this vital truth today.

REGIONS

The Regions lasted for 20 years and there is no doubt that the railway worked best when power was delegated and leadership was capable of taking it. A centralised BTC could not possibly have taken the decisions we were taking in the new Birmingham Division. We had a high sense of common purpose and we had the freedom to act. We rationalised duplicating stations and lines; we increased West Coast passengers by 60 per cent in the first year of electrification; we discovered market pricing – and we halved our staff numbers.

The regional era ended in the 1980s, but I was fortunate to have the ultimate job as general manager Scotland, where I believed we used the added freedom well that came from being 400 miles from London HQ.

The Railway Board set the budgets and kept government pressures off us. In turn, we empowered ourselves to re-open passenger stations big time; we moved on to re-open a complete passenger railway. We re-branded as 'ScotRail' and saved the Highland lines by introducing a new radio signalling system. We upgraded every passenger station in the region. It was 'our railway' and we worked night and day to make it work – often using our experience to bend the rules in the process.

SECTORS

It was the chairman of British Rail, the first Bob Reid, who shook up the regional structure after 20 years on the basis that we had all become rather feudal and lacked formal profit and loss accountability. He introduced the five business sectors, which brought a sharp focus onto three passenger and two freight businesses. I was dragged out of Scotland and given the dream job of running the entire London and South East commuter network.

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Notice that it was a highly experienced and respected rail leader who made this radical change. He undoubtedly came up with the right solution at the right time – but more importantly, he took 80 per cent of us with him as converts to a highly controversial re-structuring.

Notice, too, that he retained the two-tier structure of a strategic Board delegating to five businesses. The Board stuck impressively to its strategic role – it did not try to double-guess us on train performance or marketing. The Board remained our buffer with government and reserved for itself the corporate decisions on issues such as the five-year plan, funding and pay awards. The board was the umbrella that allowed the sectors to develop their railway businesses.

And develop we did! Scotland turned out to be a perfect dry run for London. I drew up a complete five-year business plan in three months with my new team, and we started with improvements that would be visible to the staff and customers. We re-branded the four regional railways that served London into a new Network South East brand; we repainted all 900 stations over three years; we gave all 6,000 coaches a face-lift inside and out; we ordered 2,000 new coaches with the active support of the Board; and we delegated authority to nine route directors, who were increasingly encouraged to use their initiative with local staff and customers.

Bob Reid II moved me across to InterCity in 1992 'to give me a rest from the bed of nails', where I inherited an equally delegated structure with five route directors and some of the best rail advertising campaigns that the industry has ever seen. We did, however, hit a brick wall on new trains. There was no way that we, or the Board, could persuade government to let us commit to the West Coast investment – or to renew the ageing CrossCountry fleet. Privatisation was in the air!

FRAGMENTATION

We tend to forget that rail privatisation was not just a major financial and legal revolution. It was also the biggest organisational change since the 1960s. The Government effectively abolished the Board and the five business sectors – and then put the route directors out to franchise and the engineers out for sale.

The shake-up undoubtedly brought in exciting new entrepreneurs, new ideas and – above all – new funding into the industry. I had left the industry at this stage, but remember being delighted when Virgin won first

performance improvements and in sorting out capacity bottlenecks by doubling tracks at bottlenecks.

But the SRA became increasingly prescriptive to the point where the entrepreneurial train companies were being micro-managed. History was in danger of going full circle to the highly directive British Transport Commission of the 1950s. This central control may have been needed temporarily for cost control, but it was destroying the very creativity and initiative that a thriving business needs at the workface.

THE TRANSPORT REVIEW

So now the Strategic Rail Authority has been eliminated. And in doing so, we have thrown the baby out with the bath water. We now have a headless body again – but in a scenario where the Department for Transport has just got to fill a vacuum and get involved in running the railway.

So, for the first time in railway history, the civil service is going to become directly responsible for the management of the UK railway system. Yes, it will rightly pass some of the day-to-day responsibility for running trains back to Network Rail, but the reality is that the Department for Transport is now responsible for rail strategy, rail budgeting, rail investment, Toc franchising – and therefore rail performance.

There must be real concerns here for the future. The UK civil service just does not have any experience or expertise in managing a £3bn business real-time in this way – and certainly not one as complex and fragmented as the UK rail network. Network Rail has specialist skills in engineering and operations – but has long been shorn of people with an expertise in customer service or business development.

THE FUTURE

I am left with the uneasy feeling that we have not found the new steady state phase for the rail industry that we were seeking after the instability of the privatisation period. A national railway business managed directly by government is not a stable solution.

I predict that we shall end up with a public-private version of the 1960s: in other words a railway board with a new name (perhaps Network Rail) and about eight private railway companies which manage both their infrastructure and their trains.

History never quite repeats herself – but there are some basic lessons that can help us predict the future... and one is that railways operate best through a command-and-control management.

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CrossCountry and then West Coast with commitments to trigger – and exceed – the investments that we had sought for so long. There is no doubt that the early days of privatisation brought more funding of new trains, and dramatic improvements in customer service, industrial relations and morale in many companies.

The new organisation was, however, incapable of delivering the core product – high-performing rail services. Successful railways depend on a high level of co-operation, because the UK rail network is effectively one complex production line and any one operator can disrupt it. Not surprisingly, it works best through a command-and-control structure – the one that had just been destroyed.

Fragmenting into over 100 competing companies was great for franchise bidding, but it tended to destroy the very co-operation and control that a rail network needs to work well. When I rejoined the rail industry in 1999, I was shocked to find companies demanding their legal right to the last slot on an obviously over-crowded route; adding services just to block other users; changing timetables and calling patterns just to raid the income from other operators; letting engineering work overrun because it was cheaper to pay the fine than return another weekend.

The industry had forgotten the lesson of history. It is not enough to have empowered regions or train companies; a complex rail network also needs the equivalent of a Board to pull it together and to create order, strategy and long-term change. The problem was that the industry was headless.

STRATEGIC RAIL AUTHORITY

This led to the invention of the Strategic Rail Authority, where I played a minor role as an adviser to the Select Committee at the time.

The Committee members did understand that the industry was headless and were seeking to 'put a head on the body' when they created the SRA. It was created with the intention of becoming a lean, strategic body that guided the industry with a light touch. It was to provide the buffer between government and railway companies that the British Railways Board had performed so well.

It never quite found this light touch. It began well, by providing a sense of leadership, by forcing the industry to co-operate in