

INFORMED SOURCES e-Preview March 2023

This month's column starts with an assessment of how long it is going to take for Great British Railways (GBR) to be created. Then, with the Government pushing for a greater role for the private sector, I compare today's pool of potential private sector operators with those involved in the glory days of privatisation. Finally, I go outside the box and evaluate a Government study of air-taxis as a substitute for rail.

GBR – a very long way to go

Franchising – the rise and fall of the private sector

Air Mobility – credible threat or tech bubble?

Vivarail – GWR acquires battery train technology

Taking something apart, stripping an engine, say, is a relatively quick and straight forward process. But, reassembling all those parts into something that works better than before is much more difficult and time consuming.

For example, from the publication in July 1992 of the White Paper 'New Opportunities for the Railways: The Privatisation of British Rail', to the completion of privatisation with the sale of Railfreight Distribution in November 1997, the dismantling of BR took just five years and four months.

Contrast that with the 10 years between BR Chairman Sir Bob Reid appointing the first Sector Directors in 1982 and the full implementation of the business-led railway in 1992. The regional structure Sir Bob inherited had been transformed into vertically integrated businesses, each bringing together operations and engineering.

Keith Williams' report emphasised fragmentation as the primary cause of the railways' decline. One of his recommendations was to bring the fragments together under a 'guiding mind', through the creation of Great British Railways (GBR).

But approaching two years after the Williams-Shapps Plan for Rail was published, we still don't know how the current Train Operating Companies (TOC) are to be brought together with infrastructure within GBR. Transport Secretary Mark Harper's much heralded George Bradshaw address on 7 February failed to provide the necessary blueprint.

The Williams-Shapps Plan claimed that GBR will take over the TOCs and sub-contract management through Passenger Service Contracts (PSC). Competition was expected to be 'far greater than for the old franchises, with simpler procurement, lower costs and no one-size-fits-all approach'. But who will be competing and what will they be competing for?

The current line seems to be that where a TOC has a captive market, like commuting, a plain vanilla concession will be tendered. Intercity operators could be offered the prospect of revenue 'incentivisation'. But this escalation of risk is likely to be an incremental process.

Specification of the PSC would be the responsibility of GBR's five Regions. Procurement is likely to be handled by a central function, either within GBR or remaining with DfT's Passenger Services Directorate

But such issues are secondary to how long it is going to take to get GBR established and have all the TOCs let, with their Passenger Service Contracts in place. To try and answer this question I have created a 'future history', covering year-by-year what is likely to happen.

I reckon that 2026 could be the earliest that GBR would be able to accommodate and manage the existing TOC contracts novated to its Regions. And working from there, it could be 2028 before the first PSC is let. And of course, before then there is a General Election to be decided.

As the Great British Railways Transition Team website proclaims 'Our focus on "simpler and better" guides everything we do. It defines our work today, in 10 years' time, and beyond'. Sounds about right

Who will bid for the PSC?

Back at the start of privatisation, 30 years ago, the Government was bullish over the number of potential bidders for the new passenger rail franchises. A figure of 150 was mooted.

Eventually, 37 organisations responded to the invitation to prequalify, and eight of these were British Rail Management Buy Outs. Others were just along for the ride. In the column I have some tables analysing who won what in those heady days.

While it's a fun trip down memory lane, all this has relevance for today. Back then, the UK-based private sector transport groups became responsible for just over 50% of passenger journeys. By 2005 National Express alone owned eight

franchises.

Compare that with 2023, when overseas state railways are responsible for a quarter of passenger journeys. Just over 40% of journey are the responsibility of UK transport groups in league with overseas organisations. This leaves First Group, with 10% of rail passenger journeys, as the only true private sector operator. Making up the total is the Operator of Last Resort.

So, hardly a vibrant market with a pool of eager private-sector wannabe train operators. Yet, note that the Williams-Shapps Plan expects competition for Passenger Service Contracts (PSC) to be 'far greater than for the old franchises, with simpler procurement, lower costs and no one-size-fits-all approach'.

My closing table is an assessment of the organisations who might provide this 'far greater' competition. Today's expectations seem almost more delusional than those 150 eager bidders claimed by DfT three decades ago.

Government study evaluates York-Preston air-taxi

Brace yourselves when you turn to the third item in this month's Informed Sources. The heading illustration is an artist's impression of a Virgin Atlantic branded electric Vertical Take Off & Landing (eVTOL) aircraft over the Thames.

What has eVTOL got to do with railways? Well as part of the Government's £300 million Future Flight challenge, Innovate UK commissioned consultants PwC to assess the potential costs and benefits of 'new aviation technologies'. And one of these 'potentially valuable applications' was the Sub-Regional Air taxi.

To evaluate this application PwC selected the 67 miles (as the eVTOL flies) journey between York and Preston for an example of where 'there is no direct route by rail'. In fact, 'Northern has an hourly direct service timed at 2h 15 min. but let's see where the study's analysis leads us.

Some pretty heroic assumptions are made. On comparative costs, for example, it was assumed that someone would buy an annual rail season ticket for a daily commute. And the value of this individual's time was the same as that used for car drivers.

For the air-taxi 11 seats plus a pilot was assumed, when the current contenders are all four seaters plus pilot. The air fare was estimated at £20.37 compared with £18.42 for the season ticket. But the total cost, including the value of time was £125.24 for rail versus £66.51 by air.

Obviously, value of time has to do some pretty heavy lifting to get to this figure. And, of course, for the business traveller, time in a train is productive.

Where does Virgin come in? Virgin Atlantic is exploring a Joint Venture with UK eVTOL developer Vertical Aerospace to provide short-haul, connectivity between UK cities and airport hubs, starting with London Heathrow, Manchester and London Gatwick.

Instancing 37 towns and cities with populations over 100,000 within 100 miles of London Heathrow Virgin claims that eVTOL offers 'huge potential to support zero emission short haul transfers for 7.7 million customers, outside of London, for flights to and from the UK's main hub airport'.

Is eVTOL a credible threat to the railways? Not really. So why give it space?

As we all know, consultant's studies tend to echo the client's aspirations. In its summary of 'winners and losers' in the sub-regional air taxi category, the PwC study notes, 'the losers are train operators if they lose customers to air mobility technology: if this becomes pervasive, it could also impact their other customers'. I can see DfT or the Treasury noting this for future reference.

But I can also see an opportunity for the railways to exploit Air Mobility if it takes off. Air-taxis will require convenient locations for what is being called 'Vertiports'. These will be quite complex installation, with rapid chargers for the aircraft batteries in addition to passenger handling facilities and a 'control tower'.

Just think of the railway land around and above stations. Plus the potential for long distance rail services connecting with airport air taxi shuttles. Chocks away!

Vivarail latest.

Receivers Grant-Thornton announced on January 23 that they had received offers for the Intellectual Property (IP) and tangible assets of Vivarail Ltd. It is not expected that that any funds will be available for non-secured creditors owed £3.9 million.

The good news, breaking just as I was about to send out e-Preview, is that GWR has agreed contracts to buy the intellectual property (IP), rolling stock and equipment for the high-performance battery and Fast-Charge technology which was due to be tested on the Greenford Branch. GWR has also employed nine former Vivarail staff to support the trials and project development. The IP acquired is essentially the patents protecting the Fast-Charge system.

Remaining tangible assets to be sold are the 82 D78 stock shells. Scrap carriages already sold have raised around £110,000

So, a satisfactory resolution, which will see Adrian Shooter's vision demonstrated in service after all. Congratulations to all concerned for making this forward looking move when the industry is facing hard times.

Roger's blog

Next week there's another on-line session, this time a presentation on new AC standards for rolling stock and electrification. Then March opens with the Modern Railways Golden Whistles awards for excellence in operations. Always an enjoyable event. Also getting me away from the screen will be the Rail Forum Railfreight event at Peterborough.

Several factory and site visits are still waiting for the industrial disputes to end, while I'm still waiting on a date for my trip down the road to my local 'factory'.

Of course, there's no shortage of matters to analyse and write about, next month, from past sandwiches to rules on future open access operation by way of the Scottish Ministers' HLOS and SoFA. Well, that's unless some major story emerges, which in these turbulent is always possible.

Roger

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