

GBRTT WHOLE INDUSTRY STRATEGIC PLAN CALL FOR EVIDENCE – CBI RESPONSE

1. Introduction

- 1.1. The Confederation of British Industry (CBI) welcomes the opportunity to respond to the Great British Railways Transition Team Whole Industry Strategic Plan call for evidence. The CBI is the UK's leading business organisation, speaking for some 190,000 businesses that together employ around a third of the private sector workforce. With offices across the UK as well as world representation in Brussels, Washington D.C., Beijing, and Delhi, the CBI communicates the British business voice around the world.
- 1.2. The CBI believes that the rail sector is a key enabler of the UK economy and has a fundamental role to play in the delivery of the government's core objectives of levelling up and decarbonisation by 2050.
- 1.3. However, the vast benefits that the future development of Britain's railway network can offer will only be delivered through an effective and robust partnership between government and business. This must be at the heart of the creation of a targeted and flexible Whole Industry Strategic Plan (WISP).
- 1.4. To be effective, the CBI also believes that the objectives of the WISP must be closely aligned with the development of Passenger Service Contracts (PSCs), and that the same officials responsible for designing the WISP have clear responsibility for designing the PSCs. This should also ensure that the PSCs are sufficiently attractive to private operators, and should make clear how the public and private sectors will together towards the goal of making a better railway for all.
- 1.5. Equally, business is clear that in order for the WISP to be successful, it must be insulated, to a certain extent, from the political whims of different governments. This will necessitate GBR having a greater degree of independence from the Department for Transport than it does at present.
- 1.6. While the WISP call for evidence has attempted to establish short (5 years), medium (10 years) and long (30 years) term parameters for the sector, the view of industry is that currently, operational thinking does not fit these parameters particularly well. The significant uncertainty created by the COVID-19 pandemic, coupled with continued uncertainty about the content and character of PSCs, means that industry is not necessarily able to make realistic comment on the timeframes suggested.

Broadly speaking, however, we have identified the following trends that should fit within the WISP's consideration for the short (5 year), medium (10 year) and long (30 year) term.

- Short term (5 years) – recovery of the industry from the COVID-19 pandemic, including a targeted campaign to bring people back to the railway network; focus on better use of passenger data; fundamental fares reform; and an

assessment of the how the railway network must evolve to reflect changing travel patterns including a rebalancing between commuters, leisure passengers and freight.

- Medium term (10 years) – focus on supporting electrification and modal shift; integration of HS2 and NPR into the rail network.
- Long term (30 years) – continued focus on modal shift, alongside the continued development of infrastructure improvements across the network, and final integration of HS2 and NPR.

However, it should be noted that these trends are framed on the basis of a prompt recovery from the COVID-19 pandemic. Future serious variants of concern that have a severe impact on rail travel will likely delay the progress towards these strategic objectives in the short term.

1.7. Business believes that drawing up an effective WISP must recognise the impact that COVID-19 has had upon the rail sector, and the immediate priority must be a coordinated campaign to bring passengers back to the railways. Equally, the WISP must recognise that the pandemic is likely to have changed travel patterns for the long-term. The WISP will need to remain flexible and responsive to these patterns as they emerge and be able to react promptly in the event of any further external shocks.

1.8. As our response to this consultation will layout, the CBI believes that:

- Meeting the needs of customers in the future requires a strong partnership between the private and public sector built around a flexible and future-proofed commercial partnership which incentivises innovation and makes the best of private sector expertise.
- The private sector has the skills and experience to deliver stronger financial performance for the railways, and drive financial sustainability in the long term.
- The rail sector's vast opportunities to contribute to economic growth, levelling up, and connectivity are also best realised through a strong partnership between the private and public sector.
- By investing in modern rolling stock, and fundamentally overhauling the fares structure to encourage modal shift, the railway can be a key part of a more sustainable transport network.

2. Meeting the needs of customers in the future requires a strong partnership between the private and public sector, built around a flexible and future-proofed commercial partnership which incentivises innovation and makes the best of private sector expertise

Meeting the expectations of the passenger

2.1. The CBI strongly supports the Department for Transport's renewed and strengthened focus on the customer (both passenger and freight) as a key driver of performance for GBR. This focus will ensure that partnerships created with industry have that same focus, driving better outcomes for passengers, freight operators and freight consumers across the entire network.

2.2. Passenger expectations (for example digital ticketing) have evolved quickly in the last few years. The private sector has been well-placed to meet these expectations, by

developing new products and services, such as mobile ticketing, to meet passenger demand.¹ The private sector, in gathering data and understanding customers, is equally well-placed to continue to meet passenger expectations as they evolve and must have the flexibility within the WISP and PSCs to do this.

- 2.3. Emerging feedback from operators suggests that there are concerns about the PSC's delivering on this flexibility. For example, industry is concerned that by setting prices, GBR will ultimately hamper the ability for rail to dynamically respond to demand and deliver the services passengers want and need.
- 2.4. Equally, industry is concerned that PSCs will require private operators to be measured against certain criteria (accessibility at stations, for instance) without being given control over the levers required to influence change in these areas.
- 2.5. As it has proved since privatisation, the private sector is best placed to drive customers back to the railways and make effective use of the capacity on the rail network. **The WISP and the PSCs therefore needs to create the conditions in which private companies can make this a reality.**

Driving the growth of rail freight

- 2.6. Throughout the COVID-19 pandemic, the freight and logistics sector has demonstrated its value to the UK economy. The CBI shares the view of GBRTT that rail freight has an important role to play in the future movement of goods, and 'putting freight on the front foot' is a goal wider? (not just about logistics etc?) industry strongly supports.
- 2.7. Tesco has credited its use of rail freight with being able to keep its shelves filled² and also committed to further expanding its use of rail freight.³ The supermarket estimates that its rail freight service has the capacity to take 17,000 containers off the road each year, with a saving of 7.3 million road miles.
- 2.8. In light of the critical role that freight will play in delivering not just our commitment to decarbonise but also more efficient and resilient supply chains, the CBI is concerned that government investments planned under the Integrated Rail Plan (IRP) are too heavily focused on reducing journey times for passengers, and insufficiently focused on enhancing capacity across the rail network.
- 2.9. Enhanced capacity is vital to realising an increase in freight operations, as well as enhancing the experience for passengers. **The WISP should not lose sight of the need for both of these aims to be considered in partnership.**
- 2.10. It also vital that this system is capable of adapting to meet changes in demand. The CBI expects that both passenger demand for rail services, as well as freight demand, will continue to grow over the next 5, 10 and 30 years, although this growth is unlikely

¹ https://www.dailymail.co.uk/travel/travel_news/article-3619412/Is-end-line-orange-train-ticket-Rail-companies-fast-track-mobile-payment-technology-barcode-receipts.html

² <https://www.theguardian.com/business/2021/oct/06/tesco-profits-double-as-shelves-stay-stocked-despite-supply-chain-problems>

³ <https://www.railfreight.com/railfreight/2022/01/21/tesco-and-direct-rail-services-renew-supermarket-partnership/>

to be even across passenger and freight. **A flexible approach, that allows the private sector to influence how capacity is utilised across the network, is therefore a vital component of the WISP.**

- 2.11. Finally, CBI members believe that considering the benefits of cross-Channel rail freight is a key component to expanding rail freight use in the UK. At present, CBI members estimate that rail freight has approximately 25% of the available paths in the Channel Tunnel as part of the Railway Usage Contract, but only occupies approximately 1% of total traffic. Therefore, vast potential for the expansion of rail freight, with the correct support from GBR at a national level and under goals set out in the WISP, is possible. **If replicated more broadly, with ambitious targets set out under the WISP, rail freight has vast potential to move goods around the country and help meet the challenge of decarbonising the freight sector.** Equally, driving a modal shift away from road vehicles in favour of rail vehicles will ensure that the freight sector is more resilient to future supply chain challenges.

3. The private sector has the skills and experience required to deliver stronger financial performance for the railways, and drive financial sustainability in the long term

Rethinking the commercial model to drive financial sustainability

- 3.1. While the impact of the pandemic may not yet be fully understood, it is likely that travel patterns have been fundamentally altered by COVID-19.⁴ This means that a commercial model reliant on commuter fares may no longer be appropriate for many current routes. In order to ensure long-term financial sustainability, **the WISP must therefore recognise the need for a new commercial model which considers leisure travel and freight operations as more fundamental parts of railway revenue.** A co-ordinated campaign to bring people back to the railways, alongside fundamental fare reform, will still be necessary, but this should not be the entire basis for the future commercial strategy for the railway network.
- 3.2. When it comes to reducing costs, business notes that in some areas, the opposite will need to happen. Five-year plans may well require investment to bring passenger levels closer to the pre-pandemic levels. This should include making data, ticketing and marketing investments.
- 3.3. In the longer-term investment plans should also entail buying new low-carbon infrastructure assets which will be key to helping unlock the benefits of levelling up and decarbonisation. **Against this backdrop, the WISP cannot be purely about cutting costs, as this will mean that the chances of real improvements in the railway long term are slim.**

The development of the WISP should go hand in hand with regulation and commercial strategy

- 3.4. Industry highlights that, in the past 25 years, the commercial mindset of the private sector helped drive a doubling in passenger numbers, which in turn grew revenues at

⁴ <https://www.cbi.org.uk/media/5101/cbi-kpmg-commuting-beyond-the-coronavirus-july-2020-final-1.pdf>

more than twice the rate of GDP and turned a £2 billion annual operating loss into an annual profit.⁵

- 3.5. Designing commercially attractive and sufficiently flexible PSCs which have the right incentive structure will be key to leveraging the expertise, innovation of the private sector to create a more financially sustainable railway. CBI members argue that there should be approximately three to four contractual models and they should encourage train operators to use their commercial expertise to exceed revenue growth and cost efficiency targets.
- 3.6. Furthermore, operators require adequate returns for taking on risks, which is why there should be certainty at bid stage as to how operators would be rewarded for their contribution in terms of investment, initiatives, and innovation. The overall cost base would then be improved by a competitive process with requirements focusing on outcomes for PSCs. Therefore, the private sector could then drive cost savings at the bid stage, delivering better overall value for the taxpayer.

Private sector investment in railway infrastructure

- 3.7. Given the significant impact of the COVID-19 pandemic on public finances, it looks increasingly unlikely that the government will be able to fund the scale infrastructure development and upgrades they once promised, and certainly not the level of investment the UK needs to be globally competitive. Business therefore sees a growing opportunity for the use of private finance for projects involving updating (electrifying) or building new rail infrastructure, as well as a continued role for the private sector in the financing of new rolling stock (see below). Our 2020 report, *Investing in Infrastructure*, demonstrates that the private sector can retain expertise within its organisation and move from one infrastructure project to another faster than the public sector.⁶ Additionally, feedback from CBI members suggests that the availability of private capital for rail infrastructure generally remains high.

⁵ <https://www.raildeliverygroup.com/about-us/publications/12854-2021-11-passenger-service-contracts/file.html>

⁶ https://www.cbi.org.uk/media/5695/12610_infrastructure_finance.pdf

Case study: Abellio – private financing for rolling stock that breaks away from traditional ROSCOs

Historically, the UK rail industry has relied on the big three traditional Rolling Stock Companies (ROSCOs) for the financing of new trains. Abellio has sought since 2014 to find innovative ways for the provision of new rolling stock, improving value for money and encouraging new investment into the wider industry.

- In 2014, Abellio won the ScotRail franchise and acquired £400m worth of new electric trains, manufactured by Hitachi. Abellio found the most efficient and cost-effective financing solution was to contract a Japanese bank (SMBC) as the lessor. SMBC was a new entrant into the UK rolling stock market.
- In 2015, Abellio won the Greater Anglia franchise again, with a promise to replace the entire train fleet – a total of 1,043 new vehicles at a total cost of £1.5bn. Under tender, the financing of the Stadler trains in the fleet was won by Rock Rail, a relatively new entrant to the UK rolling stock market.
- In 2016, Abellio won the West Midlands franchise, with a strong new trains proposition, acquiring fleets at a total cost of £680m. The financing was won by another new entrant, Corelink.
- In 2018, Abellio won the East Midlands franchise, including an initiative to procure a new fleet of intercity bi-mode trains. Under tender, the financing was won by Rock Rail, with the lease financing also including £30m of improvement to the Etches Park depot, the first example of rolling stock and infrastructure being combined into one lease.

Abellio's efforts to procure new rolling stock from alternative financiers demonstrates the ingenuity, entrepreneurial spirit and flexibility of the private sector. **These efforts must be encouraged and continue to thrive under the conditions set out by the WISP.**

- 3.8. The role of the government in ensuring that this available private sector money is effectively deployed is to support investor confidence by laying out a clear role for the private sector in delivering improved infrastructure across the railway network. **While the WISP is not designed to be merely a pipeline of infrastructure improvements, it could indicate a clear willingness from GBR and the DfT for private finance to play an enhanced role in supporting rail infrastructure across the UK.**
- 3.9. As part of encouraging private investment, the WISP must consider those companies that will compete directly with GBR, as opposed to competing to supply to it. This includes open-access operators and independent retailers. These companies need a level playing with GBR and fair and viable commercial rates, as well as full access to the relevant parts of infrastructure needed to operate.

Overhauling existing procurement practices to drive financial sustainability

- 3.10. Public delivery bodies in the rail sector must embrace improvements being adopted elsewhere around public and private sectors collaboration to deliver both operational and strategic objectives. A “one-team” approach to building a rail network fit for the future can harness the innovation, flexibility, and expertise of the private sector as a key component of identifying and delivering against key outcomes, whether addressing big picture challenges (net zero, levelling up) or improving project delivery.
- 3.11. Public sector contracting authorities must recognise the role that procurement can play in delivering value for money and improved outcomes if done right. Based on previous successful projects, CBI members advocate that key changes during the design and procurement process would enable an improvement in outcomes. These include earlier engagement with industry, a greater emphasis on co-design, co-creation and co-ownership, and more open and transparent dialogue between client and supplier to enable flexibility and innovation. The principles outlined in Cabinet Office’s commercial Playbooks, and the IPA’s Routemap and Government Project Delivery Framework should all be understood and adopted as fundamental practice for any programmes of work involving cross-sector collaboration.⁷

4. The rail sector’s vast opportunities to contribute to economic growth, levelling up and connectivity are also best realised through a strong partnership between the private and public sector

- 4.1. The CBI believes that rail is a key enabler of the economy, offering wider access to labour markets and jobs across regions of the UK, and directly employing thousands of people. **Given its national footprint, the railway is also uniquely placed to deliver employment opportunities across the length and breadth of the country.** The deployment and predominance of rail in London and the South East demonstrate the economic importance of the sector, and highlight that with the right strategic objectives and investment, huge benefits can be delivered to the rest of the country.
- 4.2. The public sector’s role in unleashing economic opportunity through the rail sector is to provide a clear roadmap for future investment and development of rail infrastructure. By providing a clear signal to the market, firms involved in infrastructure delivery are able to invest in jobs and training with confidence.
- 4.3. The money and projects committed to by the government under the IRP for example are a good first step and must now be taken forward promptly. The CBI believes that the Treasury should bring forward the funding for some of these spending commitments to demonstrate to industry a clear pipeline of projects and a clear commitment to infrastructure improvements in the near future.

⁷ Further detail is available in the CBI’s report *Programmes with purpose*:
https://www.cbi.org.uk/media/7525/12703_major-projects_programme-perfection-report_ie.pdf

Case study: HS2

HS2 has already created thousands of jobs and is expected to create many more throughout the life of the project. The construction of Birmingham's Curzon Street station alone will create 36,000 jobs.⁸ If delivered to Leeds, HS2 was projected to boost the regional economy by £54bn by 2050, creating around 40,000 additional jobs, with the entire eastern leg bringing benefits calculated at around £300bn.

HS2 is an example of the benefits that a large rail project can bring to various regions of the UK, and a good case study for the benefits of rail more broadly. The CBI believes that infrastructure investments have great capacity to generate economic activity in the areas they serve, as well as representing sensible investments for the taxpayer. In the case of HS2, if built in full, it would generate far more in economic activity and additional GVA than its total cost to build.

- 4.4. By laying out a clear pipeline of infrastructure improvements and planned investments, the government will not only be able to attract private sector infrastructure investors to invest in rail projects, thus making them more cost-effective for the taxpayer, it will also allow private companies operating in the rail supply chain to make investments in new factories, creating jobs and opportunities for areas of the country the government wishes to see benefit from the levelling up agenda. One firm in CBI membership which manufactures parts for the railway and holds contracts with Network Rail, said that their ability to plan an ambitious growth strategy here in the UK is hampered by the lack of certainty around infrastructure investments and major projects. The government should take steps to end this uncertainty and provide clarity on the infrastructure projects it will be taking forward and when.
- 4.5. In terms of devolution, there is an inherent contradiction that GBR will be wrestling with as the WISP is developed. While GBR will be responsible for making national decisions, industry understands that local leaders and devolved administrations will also need to have a significant voice in the development of plans for their area. Business is concerned that one of the failures of the franchising model, which was a failure in terms of procurement, was the lack of commonality between different areas. Equally, business is concerned that GBR's intention to control fares and ticketing will result in a 'one size fits all' approach, which will not be appropriate or take into account local markets and changing conditions across various geographies.
- 4.6. Additionally, the rail sector has significant capacity to support the government's levelling up objectives in the area of skills, providing high quality, well-paying jobs in areas of the country in need of economic development. **By working closely in tandem with the private sector, GBR and private companies operating in rail should offer apprenticeships, work experience, and employment opportunities particularly targeted at regions of the UK in need of benefitting from the government's levelling up agenda.**

⁸ <https://www.hs2.org.uk/why/connectivity/>

Case study: South Western Railway

South Western Railway estimates that in 2020/21 it provided £12.7 million in social value, as determined by RSSB's Rail Social Value tool.

Included within this, SWR recruited 21 people into apprenticeships, each worth £2,353 worth of wellbeing value, totalling £505,895. SWR has also been recognised as the first rail company to achieve accreditation in the Investors in People 'We Invest in Apprentices' assessment.⁹

Continued investment in apprenticeships and skills should be encouraged and monitored by the WISP and in the development of the PSCs.

Case study: efficiency saving proposal from National Skills Academy for Rail (NSAR)

According to the National Skills Academy for Rail (NSAR), there is significant opportunity for GBR to improve value for money by changing the archaic and inefficient way railway staff are trained and deployed. Current structures favour breaking down roles to a series of tasks, often assessed and ossified into rigid demarcations. New technologies, and the need for increased agility, have all led to a shift to more flexible arrangements, where individual team members are responsible for a wider range of tasks, allowing for more personal responsibility and autonomy.

The railway is facing imperatives similar to many other industries including challenges with finance, new technology and skills shortages. However, it also has an important extra dimension – the need for a system wide view. GBR presents a unique opportunity to accelerate the modernisation process.

Adopting a system-wide view is projected to achieve cost savings of 8% each year, for a total of £800m.

- 4.7. Equally, the challenge of decarbonisation also represents a vital opportunity for the rail sector to support levelling up across the country. Industry analysis reveals that the decarbonisation of the rail sector is likely to create thousands of jobs, boost regional economies across the UK, and provide significantly improved health benefits as a result of cleaner air.¹⁰

The Rail Delivery Group estimates that it would lead to:

- The creation of around 6,000 jobs, boosting the economy by £2.2bn
- A concentration of these jobs outside London and the South East, including 2,600 across the East Midlands, Yorkshire and the Humber and the South West

⁹ <https://www.southwesternrailway.com/other/about-us/social-value-report>

¹⁰ <https://www.raildeliverygroup.com/about-us/publications/12853-2021-10-catalysing-a-green-recovery/file.html>

- Carbon emission reductions over the period valued at c.£5.8bn
- A further £2.2bn of value from improved health as a result of cleaner air

This employment is sustained over a near 30-year period, providing job security and certainty for employers to invest in training and upskilling. Many of these roles are likely to be based in infrastructure, but substantial employment would also be based in the assembly and delivery of new rolling stock.

5. *By investing in modern rolling stock and fundamentally overhauling the fares structure to encourage modal shift, the railway can be a key part of a more sustainable transport network*

- 5.1. The rail network is capable of providing the backbone for a low-carbon, high-capacity public transport network, which will help the UK to reach the targets set out in the Transport Decarbonisation Plan. However, the decarbonisation challenge will only be met through a strong partnership between the public and private sector, utilising the investment and ingenuity of the private sector, alongside clear and integrated policies from the government.
- 5.2. Rail is already recognised as one of the most climate-friendly means of travel. In 2019, rail accounted for 10% of passenger miles travelled, but only 1% of transport-related emissions. Continued development of rail, and the delivery of a modal shift from higher-carbon forms of transport to rail, is therefore an effective means of supporting decarbonisation.¹¹ Equally, business believes that climate resilience should be incorporated into all aspects of railway infrastructure planning and delivery. Climate resilience should, like safety, be at the core of all railway operations in the UK.

Investment in modern rolling stock, fuels, and electrification

- 5.3. Since privatisation, train operating companies have invested heavily in modernising rolling stock (approximately £400m in 2020-21 alone), a key facet of bringing more electric and bi-mode powered trains onto the network, and removing older, more polluting diesel trains.¹² In order to achieve the government's stated ambitions of a net zero rail network by 2050, continued investment in rolling stock will be vital. Given the state of public finances ensuring this investment is continued will be crucial, and the above case study details how private companies have approached the procurement of rolling stock with a spirit of innovation and ingenuity.
- 5.4. This should be accompanied by further investment in rail electrification. A rolling long-term programme of electrification can give sector and investor certainty, avoiding the delays and cost overruns seen in past electrification projects. Critical gaps in electrification under the IRP also need to be assessed, and a plan developed to bridge these as part of this rolling programme.
- 5.5. Moreover, the private sector has also made significant strides to innovate in terms of biofuels and fuel efficiency. A freight operator in CBI membership reported in 2020 that it had conducted a successful international test of the use of 100% biofuel in its

¹¹ <https://www.raildeliverygroup.com/about-us/publications/12853-2021-10-catalysing-a-green-recovery/file.html>

¹² <https://dataportal.orr.gov.uk/statistics/finance/rail-industry-finance/table-7290-private-sector-investment-in-the-rail-industry-excludes-network-rail-investment/>

locomotives, enabling a 60% reduction in CO2 equivalent over the entire life cycle of the vehicle. In order to continue with such innovations as completely zero-carbon hydrogen vehicles are developed, continued reliance upon the private sector's commercial expertise, entrepreneurial spirit, and willingness to invest, is necessary.

- 5.6. These investments further strengthen the case for the decarbonisation of the rail sector as a means of levelling up other industries. The rail industry is well-positioned to support the development of the UK's hydrogen industry by providing a stable source of demand, as well as, through prioritising electrification, further stimulating the demand for renewable power which can come from UK-based wind farms, thus providing a further means of support to UK-based manufacturing and energy sector employment.
- 5.7. **The WISP must therefore include incentives to encourage ongoing private sector investments in rolling stock and hydrogen technology.** Rolling stock upgrades also have the added advantage of improving capacity, which can help drive customers back onto the railways and encourage further modal shift.

Reforming fares to drive modal shift

- 5.8. **The WISP must give serious consideration to a fundamental overhaul of the structure of fares.** With the industry struggling as a result of the COVID-19 pandemic, financial sustainability dependent on increased passenger numbers, and decarbonisation objectives only possible through modal shift, fares reform underpins many key facets of the future of the rail network. Equally, business is acutely aware that fares are increasing faster than incomes, putting pressure on the finances of many of their workers at a time when other cost of living issues including energy prices and the price of goods is already biting households hard.
- 5.9. The CBI notes that government has worked to introduce more flexible ticketing options, notably with the creation of the flexi-season ticket in reaction to the change in travel patterns caused by the COVID-19 pandemic. Industry is concerned however that the flexi-season ticket has not yet proved particularly effective, and has added to, rather than reducing, the complexity of the ticketing system.
- 5.10. The CBI welcomed the investment made by the government in the Autumn Budget 2021 in digital and flexible ticketing for regions of the UK outside London.
- 5.11. However, as the railway seeks to recover in the aftermath of the COVID-19 pandemic, the CBI believes that there is a great opportunity to reform the entire structure of the fares system, making it simpler, easier, and more effective for travellers, and helping to ensure that more travellers choose the railway as a lower carbon, cost-effective mode of travel. **The WISP therefore should outline an ambitious agenda for reform to the entire fares structure.**
- 5.12. This is also an opportunity to establish how the railway can be more competitively priced as a means of driving modal shift and reaping the decarbonisation benefits that come from this.

Case study: Lumo

In autumn 2021, First Group launched Lumo, an open-access operator on the East Coast Main Line. Lumo currently runs two services per day in each direction between London and Edinburgh, and this is set to increase to five per day soon.

As an open access operator, Lumo doesn't receive state funding. It aims to contribute £250m to the economy in the next 10 years, create over 100 new jobs and generate over 1m extra seats on the network every year. It has invested £100m to manufacture and maintain five 100% electric trains, built by Hitachi. Lumo offers a promise that 60% of fares will be offered for no more than £30, a significant saving in comparison with other services operating the London-Edinburgh route.

Lumo represents a clear example of the private sector making use of the opportunity for an open-access operator, to run a service at a very competitive price and help drive modal shift away from higher-carbon modes of travel like road and aviation. This kind of innovation is only made possible by private sector investment, and the strong understanding that the private sector has of customer needs and customer wants.

CBI Policy Unit, February 2021

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