

Operational Update

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In the spirit of collaboration, we are writing to update you on **current service challenges**. These include **cancellations, timetable alterations, and economic challenges**.

We want to ensure all our stakeholders are informed about operations, and with sufficient detail to help understand the approach we are taking. You will have previously received various specific updates about timetable alterations, here I'd like to give you our view of the challenges we face in the round, to provide a full picture.

Our **aim** remains to recover, attract passengers back to rail, and build the railway of the future for the benefit of the customers and communities we are proud to serve.

Cancellations

Unfortunately, the impact of COVID-19 continues to affect **traincrew availability** and the **training of new employees**. We still have operational resource challenges to contend with including sickness absence, unexpected retirements, and the impact social distancing has had by delaying driver training. We continue to try and minimise the impact on passengers as best we can, but unfortunately, at the moment, some cancellations are unavoidable. Please be assured that we are actively recruiting and training new staff, and opening new driver depots to bolster our resources and build resilience into our operations, but this does take time.

When cancellations do occur, we communicate with impacted passengers as soon as we can across a range of communications channels, and we accept tickets on alternative services and provide refunds.

Timetable Alterations

As with many industries, rail continues to be significantly impacted by the **pandemic**. At the moment, all rail operators are faced with difficult choices when deciding where and when to provide services. We need to **balance demand, resource availability, and value for money for taxpayers**.

We are working closely with Government, Network Rail and other operators to determine and operate a reliable service which offers value for taxpayers' money and which responds to emerging travel patterns.

The way people use public transport has changed permanently, and as yet **new trends have not stabilised**. Passenger demand continues to grow on all routes, driven primarily by leisure travel focused on weekends, with business and commuter travel returning at a slower rate.

To cater for rising demand with the resources available, we know that **compromises are needed**. To help make these **difficult choices**, our teams continually monitor and review available resources alongside passenger loadings data to determine **how best to deliver the timetable** robustly. We want to maximise the uplift we can offer to meet growing demand across all routes but must prioritise those where passenger numbers have recovered to higher levels than pre-Covid, whilst minimising impacts on other routes. Different options are explored, train by train, to balance the benefit of removing certain trains in terms of resource impact, whilst minimising the impact on customer experience, informed by passenger demand data.

Economic Challenges

The pandemic has been an unprecedented shock to the railways, with passenger numbers and revenue still recovering. Taxpayers are currently funding the railway on a huge scale, with a £16 billion industry subsidy, which includes £1.7 billion subsidy to Avanti. That support has meant not one railway worker was furloughed during the pandemic, despite passenger numbers falling significantly. We cannot keep asking the taxpayer to spend money on the railway at this level.

We also have severe cost pressures; like all industries and households, we are looking to manage the **rising cost of inflation**. This is impacting across our supply chain, for example electricity costs and food supplies continue to create challenges. Our electricity bill this year is expected to rise by £60m, putting more pressure on the business.

Finally, you will also be aware of ongoing issues related to industry-wide industrial action. We're disappointed that strike action has been supported. We believe this ballot is premature as it has taken place prior to any meaningful discussions on pay or conditions.

Bringing the national network to a standstill and disrupting the lives of millions of passengers is bad for everyone.

As you would expect, we will do all we can as a business to maintain services for our customers during any period of industrial action. Colleagues from management and office teams are ready to undertake train management and station dispatch duties to enable those customers who need to travel to do so safely. We remain open to constructive discussion with all parties to seek outcomes in the interest of our colleagues, customers and taxpayers.

I hope this provides a **clearer understanding of the scale of the challenge** the rail industry and operators are facing, as well as an indicator of our desire for transparent communications and ongoing engagement.

Please be assured that we are focused on resolving these issues, working in collaboration with our partners to give customers the high quality service we want to provide. We want to make rail the best way to travel for customers, and build a sustainable future – there's lots to look forward to with new trains and, further ahead, integration with HS2.

In the spirit of collaboration, we remain open to **further discussion**. If you would find that helpful, please contact stakeholders@avantiwestcoast.co.uk

Yours sincerely



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