

# Victorian Railway Clearing House

The British railway network first began to be developed during the 1830s. By 1840 some 1,500 miles of railway track had been laid and many problems, such as that associated with standardisation of railway gauge, had been resolved. It therefore became possible for railway passengers to embark upon long journeys such as that between London and Newcastle. However, such journeys required passengers to use the railway lines of several different railway companies. Such companies not only managed and operated their own trains, carriages and freight wagons; they also managed and operated their own sub-network of railway lines.

Hence, for long passenger, parcels or goods journeys that crossed the networks of two or more railway companies, the revenue from a journey had to be divided appropriately amongst the railway companies involved. Initially, private arrangements between companies for such through traffic enabled the division of a composite fare. However, as the number of railway operators grew, this 'accounting' challenge proved monumental for individual companies. Also, companies were frequently unable to agree on the terms of a composite fare. This led to passengers being turned out of their railway compartments at the junctions between the networks of railway operators. Passengers then had to purchase tickets for the next leg of their journey. The same happened in the case of goods traffic. Philip Bagwell cites the case of a wealthy horse owner who had to send a servant to a particular station simply to lead his horse from one train to another.

The idea for a Railway Clearing House is generally attributed to George Carr Glyn and Kenneth Morrison. Glyn was the partner of a banking firm and chairman of the London and

Birmingham railway. Morrison was chief accountant of the same railway and was to become the first executive secretary of the Railway Clearing House. The idea for this organisation appears to have been modelled on the Bankers' Clearing House on whose executive committee Glyn sat.

In 1841, Glyn persuaded his own railway and that of eight others to jointly subscribe to a railway clearing system. The initial focus of the endeavour was upon establishing an intermediary organisation that would handle information associated with through-passenger traffic. Under this system, passengers would be able to book a journey from any station to any other station amongst the network of participants. The Clearing House would then be responsible for distributing revenue from fares to its participants. In time, the Clearing House would also assume responsibility for clearing the transport of parcels and goods on the railway network. Parcels were carried in the goods van of passenger trains; the transport of goods demanded special freight wagons.

The Railway Clearing House began operation on 2nd January 1842. Initially, its staffing consisted of George Carr Glyn as chairman, Kenneth Morrison as a part-time secretary and six full-time clerks. By 1845, 16 companies had joined the system and details of over a half a million passenger/journeys were being processed in that year. By 1848, 43 companies had joined, raising the scale of the network to some 887 stations. This demanded an increase in staffing to 45 clerks and a change of accommodation to offices in Seymour Street, near Euston station in London. These offices were eventually substantially remodelled and extended to create the famous 'long office', which was the largest single

office in Britain at the time of its completion in 1855.

As the railway network of the country continued to expand the Clearing House grew to meet the increased demand for its service. By 1861, 500 clerks worked in the Clearing House and were organised into a number of working divisions. In 1864, the Railway Clearing House had a total of 873 clerks and processed a total of 1.6 million settlements between participating railway companies. By 1874, the number of settlements totalled 4.9 million. However, staff numbers had not increased in proportion and comprised only 1,325 clerks. This was presumably because of increasing productivity amongst the workforce.

In 1876, the Railway Clearing House was at peak capacity and became an organisation that was respected worldwide. At this time, its staff comprised over 1,000 clerks and 500 so-called 'number-takers' which we describe below. Staff were organised into three large divisions: the Coaching department with 352 clerks; the Mileage and Demurrage department with 276 clerks and 500 number-takers; and the Merchandise department with 720 clerks. In addition, there was a small Lost Luggage department with a complement of 16 clerks.

The Coaching department had responsibility for dividing up receipts from passenger and parcel traffic between member companies. The department was headed by an assistant secretary and divided into seven sections. Three Passenger sections with 55 clerks each dealt with receipts from passenger traffic. Similarly, three Parcel sections, again with 55 clerks each, dealt with receipts from parcels traffic. The final section was a Ticket section with 25 clerks that processed passenger tickets. Each section was headed by a senior clerk and subordinates were graded and paid

in a scale usually based upon experience. It took approximately three months for a clerk to achieve 'novitiate' status and they were only considered experienced after five or more years of service.

The largest division in the Railway Clearing House was the Merchandise department, which was responsible for dividing revenues from goods traffic. It was divided into 16 sections each with 44 clerks.

The Mileage and Demurrage department was the smallest department but handled the most complex activities. By the 1870s it was possible for any railway company to transport a wagon-load of merchandise on any of the lines of the railway network using any suitable vehicle, whether or not the company actually owned the vehicle. The mileage function of this department divided the revenue between many different actors who participated in this process: the company that organised the train, the company that owned the wagon, the companies that owned the railway lines and the companies that provided terminal facilities. A system of fines, known as demurrage, was enforced to ensure that unused rolling stock was returned to its owner promptly.

Clearly the 'systems' of the three departments of the Railway Clearing House worked differently. For our purposes, we shall focus on describing the systems underlying the work of the Coaching department, since they were the simplest of those used by the Clearing House.

The principle underlying the work of this department was straightforward. Any fare paid for a through-journey needed to be divided amongst the companies involved and a levy raised to help fund the operation of the Clearing House. The complexities lay in dividing up a given journey into its constituent

parts and handling the vagaries of different fare structures. This took the monthly returns from booking offices and the tickets collected from passengers at the end of their journey and transformed them into payments made to railway companies.

The Railway Clearing House supplied all through-passenger tickets to member companies. These tickets were printed on 6 cm by 3 cm green card. Tickets were issued to each booking office on the railway network and were pre-printed with all the common destinations available on the network. Tickets were issued in batches of one hundred and within each batch an individual ticket was printed with a serial number by machine. Serial numbers continued between batches.

Tickets were sold in strict ascending serial number order from within a batch. At the end of each day, the booking office clerk would record the serial number of the lowest-numbered unsold ticket in each batch and send these numbers with the cash collected to the head office of the railway company. At head office these numbers were used to check the cash received against tickets sold. They were used to compile a monthly summary of tickets sales and receipts for the Railway Clearing House.


Tickets were collected at the end of each passenger's journey, usually at railway stations. These were sent on in batches to the head office of the railway where staff would sort them by destination. The batches of sorted tickets, along with a summary of ticket sales, constituted a monthly return from a railway company to the Ticket section of the Coaching department.

In the Ticket department 25 boy clerks would arrange the incoming tickets into serial order sequence and reconcile them with the monthly summaries of sales. Frequently, such

reconciliation identified anomalies. For instance, there might be a missing half-fare ticket for a child within a batch. In such cases, a senior clerk was called in and a standard form was completed inviting explanation from the offending railway company. Ticket clerks were also responsible for determining the actual route taken by a passenger from a number of possible routes taken. This was determined by inspection of the punches made in a given train ticket by train conductors. Each railway company used a distinctive set of 'snippers' to make this possible. In 1876, there were approximately 3.3 million tickets processed in this manner.

After all the tickets from relevant batches had been verified the results would be tabulated on another standard form and passed on to the appropriate passenger section. In the passenger section the proceeds from an individual ticket needed to be divided between participating companies. To do this, clerks had to inspect a complex set of fare structures. The simplest fare structure was the 'ordinary fare' which consisted of the sum of local fares applicable for the individual legs of a passenger journey. In contrast, for certain discounted fares a division had to be made on the basis of the total mileage between all the junctions in the railway network covered by a passenger journey. Hence, maps of the railway network detailing such junctions and the mileage associated with branches of the network had to be inspected.

In terms of each passenger ticket sold in the railway network, the company that sold the ticket was classed as the 'debtor' of the transaction. All other companies involved in the passenger journey became 'creditors' in the transaction. A months-worth of tickets generated thousands of debits and credits against each of the 80 companies in the railway network. Processing this volume normally took a couple of weeks work by



clerks. At the end of this activity, the total debits and credits were summed for each company and on this basis a single transfer of funds was made between the Railway Clearing House and the railway company. The

aggregate result of these financial transfers had to balance. Hence, clerks normally worked in pairs, each checking the work of the other.

### **Points for reflection**

- How would you describe the primary activity system supported by the clearing house?
- In what way does the clearing house constitute an information system?
- What data was used within the clearing house and for what purpose?
- What do you think comprises information technology in the case of the clearing house?
- In 1993 British Railways - a public sector agency - was broken up and the operation of the UK railway network parcelled up amongst 25 railway franchises. This has meant that depending on where you travel the finance derived from ticketing has to be parcelled up amongst a number of railway operators. Is this similar to the situation in Victorian times or different?