

**Ian Brown**

## **Consultation Questions**

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### **Procuring rail passenger services**

1. What are the merits of offering the ScotRail franchise as a dual focus franchise and what services should be covered by the economic rail element, and what by the social rail element? ✓

**Q1 comments:** The rail services in Scotland serve commuter, business, leisure and tourist markets, and have a direct impact on these markets, and most lines serve all of them. The Franchise should therefore retain a single focus, and that is to deliver tangible economic and social benefits to all these markets. In my view, the current Franchise Structure is not fit for that purpose. The Scottish Government pays more than once for Rail Infrastructure - it funds provision, maintenance, renewal, operation & use by its own Franchise, yet appears to get nothing back. Network Rail Assets in Scotland should revert to Scottish Government ownership (all assets held by the new Franchise on behalf of Scottish Government) with Network Rail permanently contracted as a Franchise partner to manage Scotland's Rail Infrastructure Assets. That is the 'dual focus' urgently needed.

2. What should be the length of the contract for future franchises, and what factors lead you to this view? ✓

**Q2 comments:** Pitch the length to help secure better procurement options. Allows realistic comparisons to be drawn between a wide variety of business models to identify which are 'best fit' for Franchise budgets e.g. longer leases on rolling stock + in-house maintenance versus direct ownership + manufacturer contracted to provide maintenance.

3. What risk support mechanism should be reflected within the franchise? ✓

**Q3 comments:** Rail assets are funded by the Scottish Government. It also specifies the services to be provided. Risk support is therefore best managed by Scottish Government from within the Transport budget, which should include all income generated by and from Rail activities within Scotland. The same type of accounting should apply to road & rail ... see 4.

4. What, if any, profit share mechanism should apply within the franchise? ✓

**Q4 comments:** The current Franchise Financial Structure is far from transparent. The only income declared appears to come from fares, and that income doesn't come to the Scottish Government to defray costs. The Transport Acts did nothing to address the long-standing unfair competitive advantage road transport enjoys over rail, giving unrestricted access for passenger & freight journeys on roads provided & maintained 'free at point of use' by the Scottish Government, while rail service providers continue to provide & pay for their own infrastructure costs, and are also charged for using it (rail access charges). This creates a very expensive 'pay up front' service for passengers and a highly regulated & regimented train journey. Scottish Government strategy of increasing fares annually above inflation will only widen that gap and drive passengers away. Addressing these structural issues could bring far reaching socio-economic & health benefits for Scotland. Scotland is uniquely suited to a better integrated Franchise where Network Rail Assets could be leased on a very long term basis, or owned on behalf of the Scottish Government by a new integrated ScotRail Franchise, with Network Rail's Route Director Scotland Organisation contracted to operate, maintain & renew these assets within the Franchise. The Train Operating

Function and its Assets – staff & rolling stock - could be leased on a very long term basis, or owned outright by the new integrated Franchise on behalf of the Scottish Government. The Franchise management structure would be re-designed to eliminate needless function, and needless duplication of function. For example on a railway ‘free at point of use’ there would be no need for most ticketing staffs & systems. The Scottish Government funds its own Rail infrastructure, it is nonsensical that it should then also be charged for its use by its own Franchise. The Railways Act 1993 S20 provides for Track Access Charge Exemption, and that should be applied to Scotland with ‘A Level Playing Field’ being maintained on rail by providing Free Access within Scotland to all internal & cross-border passenger & freight service providers that wish to make use of it. The new ScotRail Franchise should be modelled on the Network Rail Model, as a ‘Not for Dividend Company’ – all income generated by its activities goes back to Scottish Government. Option for a Franchise Managing Director appointed by the Scottish Government (through Open Competition) and answerable to a new Board & Members, comprising Service Stakeholders.

5. Under what terms should third parties be involved in the operation of passenger rail services? ✓

Q5 comments: On equal terms.

6. What is the best way to structure and incentivise the achievement of outcome measures whilst ensuring value for money? ✓

Q6 comments: New Board & Members are Stakeholders - Stakeholder Satisfaction. Equal reward for all staff in the new Franchise, awarding each a flat monthly bonus payment, when monthly targets are delivered.

7. What level of performance bond and/or parent company guarantees are appropriate? ✓

Q7 comments: No longer applicable.

8. What sanctions should be used to ensure the franchisee fulfils its franchise commitments? ✓

Q8 comments: In the last resort – the removal of the Managing Director. Also no bonus payment when targets are not met.

### **Achieving reliability, performance and service quality**

9. Under the franchise, should we incentivise good performance or only penalise poor performance? ✓

Q9 comments: Incentivise good performance when targets are met. Instil a pride in doing the best job for the customer, then improving upon that month on month.

10. Should the performance regime be aligned with actual routes or service groups, or should there be one system for the whole of Scotland? ✓

Q10 comments: One performance system for the whole of Scotland.

11. How can we make the performance regime more aligned with passenger issues? ✓

Q11 comments: Rather than a scatter-gun approach with numerous performance indicators, identify the top-ten passenger concerns and focus resources on eliminating these, over an agreed short period of time. This is one area where innovative solutions can become embedded in daily processes and procedures and ensures a continuous focus on passenger needs.

12. What should the balance be between journey times and performance? ✓

Q12 comments: Some redundancy needs to be built into journey times to ensure they are robust and can be achieved 100% of the time. For a passenger 'on time' means exactly that, and at all calling points on the journey. And 100% achievement is a Customer expectation. The aim must be to deliver the published timetable - 'do what it says on the tin'.

13. Is a Service Quality Incentive Regime required? And if so should it cover all aspects of stations and service delivery, or just those being managed through the franchise? ✓

Q13 comments: No. Your own evidence shows you have imposed a performance standards system set at a level which the Operator rarely achieves. That is unrealistic.

14. What other mechanisms could be used for assessing train and station quality? ✓

Q14 comments: Regular Customer Feedback which translates into acceptable performance standards, and whether they were achieved or not. Areas of Consistent failure = remedial action. Contract voluntary organisations like 'Friends of' and 'Beautiful Scotland' to regularly assess stations.

### **Scottish train services**

15. Can better use be made of existing train capacity, such as increasing the permitted standing time beyond the limit of 10 minutes or increasing the capacity limit? What is an acceptable limit for standing times on rail services? ✓

Q15 comments: Setting a permitted Standing Time penalises the same Group on every peak hour journey every day – everyone commuting to or from a station with 10 minutes of a hub destination. These people also adversely affect the ambience for everyone else in the coach and as more people attempt to board at the following stations, overcrowding occurs that causes further delay to the train. Wherever practical, part-journey peak hour 'sweeper' services should be utilised during morning & evening peaks e.g. Falkirk High / Glasgow; Hyndland / Bellgrove; Paisley / Glasgow. That is where innovative service provision plays a key part, and that should be a key expectation from the Franchise

managers.

16. Should the number of services making use of interchange stations (both rail to rail and rail to other modes) be increased to reduce the number of direct services? What would be the opportunities and challenges of this? ✓

**Q16 comments:** See 15. I believe more 'short journey' direct services to main hubs are needed during the peaks. Knowing they will get on a train that can accommodate them will generate more customers.

17. Should Government direct aspects of service provision such as frequency and journey time, or would these be better determined by the franchisee based on customer demand? ✓

**Q17 comments:** Sorry, I see the question differently. The Franchise must create customer demand. Minimum frequencies should be set by Government based on market available or what economic benefits it wants transferred to the area the line serves. Market share must be increased and frequencies improved to cater for that need. For example, is it better to run a nearly empty train with a just few paying customers, or to run a full one with no paying customers i.e. all Zero fare? Which of the two options actually pays it way taking into account intangible benefits, and which best meets the socio-economic, health & wellbeing needs of a population under increased financial pressures?

18. What level of contract specification should we use the for the next ScotRail franchise? ✓

**Q18 comments:** Minimum frequencies should be set by Government based on market available or what economic benefits it wants transferred to the area the line serves. An Output expectation must be that Market share must be increased. Franchisee given scope to decide how that is achieved.

19. How should the contract incentivise the franchisee to be innovative in the provision of services? ✓

**Q19 comments:** Innovation is a tenet of good Management, it should not need incentivised beyond Management Fee.

## **Scottish rail fares**

20. What should be the rationale for, and purpose of, our fares policy? ✓

**Q20 comments:** To create customer demand for all rail services, all day, every day. To create an 'all-day Peak' usage. To improve the socio-economic & well-being of the people who live, work & visit here, by delivering tangible benefits for all. With annual above-inflation fares increases, transport costs are set to become the largest single expense within the household budget. If that household cost was removed it could bring far reaching economic & health benefits to Scotland. A personal example: The Scottish Government provides free bus travel for certain groups that reduced my Journey to Work weekly costs from £20 to £0. Throughout my working life I could never have hoped to obtain a cost of living pay increase of anything like £20 per week. If all public transport in Scotland was 'free at point of use' the money the customer saves by avoiding the Direct Cost of Fares (the Opportunity Cost) becomes money available for direct spending into other areas of the Scottish economy, e.g. retail, leisure, tourism etc., currently according to your own revenue figures, that would be an additional £389m p/a spend in the economy. Businesses located in Scotland would benefit by having no demand on them for annual wage increases from their employees, and by removing one of the inflation drivers – the increasing

costs of labour - it could incentivise Businesses to relocate here. The main barrier to a more mobile workforce is the cost of the Journey to Work. A current example: From January 2012, the cost of travel between Glasgow and Edinburgh is circa £3000 pa. The savings on that rail journey = £3000 spend in the economy. What would be the savings on carbon emissions from 1 car journey transferred from road to rail? Reduction in road congestion / Accidents / Pollution? These should be calculated and appear on the new Franchise accounts as intangible income items – currently you show only a public expenditure item, with the Country accruing no benefit, either in return for the expenditure or from having a railway in the first place. A recent report on social economic benefits suggests the current high level of fares doesn't offer value for money :-

<http://www.justeconomics.co.uk/>

21. What fares should be regulated by government and what should be set on a commercial basis? Do your recommendations change by geographic area (the Strathclyde area example), or by type of journey (for example suburban or intercity)? ✓

Q21 comments: All fares should be free at point of use.

22. How should we achieve a balance between the taxpayer subsidy and passenger revenue contributions in funding the Scottish rail network? At what rate should fares be increased, and how feasible would it be to apply higher increases to Sections of the network which have recently been enhanced? ✓

Q22 comments: Bus cannot compete with car. Rail can, but there is a large convenience barrier to overcome. Zero or very low fares are the most likely strategies to remove that barrier, the difference in costs being too great for the motorist to ignore. Road journeys need to be monitored, before and after implementation of such a fares strategy and the number of 'road vehicle journeys extracted' calculated. Cost / Benefit Analysis of known improvements to various key Environmental Indicators, e.g. reduction in noxious emissions, commuter carbon footprints, road traffic noise & direct costs to business of road congestion should all be converted to a Credit, and shown as an intangible income item on the Franchise Balance Sheet. Profit & Loss Account negative outcomes should be balanced by either special income tax, or general taxation, or 'railway undertakings' taxation.

23. What should the difference be between peak and off-peak fares? Will this help encourage people to switch to travelling in the off-peak? ✓

Q23 comments: The aim should be to create an all day peak. Zero fare will achieve that. Demand can also be smoothed by encouraging more employers to adopt Flexi Hours for their staff.

## Scottish stations

24. How should we determine what rail stations are required and where, including whether a station should be closed? ✓

Q24 comments: I think that should come in the main from Local Government Development Plans. This is a democratically elected body responding to identified transport needs within its own area. Regional Transport Partnerships should be involved where a proposal covers more than a single Local Government area. Transport Scotland should provide positive assistance to bring these aims to fruition.

Generally, people don't use stations because of a good reason: inaccessible, inconveniently sited or services don't suit. Determine what needs to be done to remove these barriers, rather than the station.

25. What are the merits or issues that arise from a third party (such as a local authority or local business) being able to propose, promote and fund a station or service? ✓

Q25 comments: The main issue is the long term financial security of the service or station. Local Authorities are under extreme financial pressures, and local businesses are no different. The system should mirror private builder housing estate model where the promoter provides all the required infrastructure (to a specification) which is then 'adopted' by the appropriate authority and maintained by it. The appropriate authority for rail infrastructure would be Network Rail, or the new Franchise / Scottish Government.

26. Should only one organisation be responsible for the management and maintenance of stations? If this was the franchisee how should that responsibility be structured in terms of leasing, investment, and issues relating to residual capital value? ✓

Q26 comments: Yes. The Franchise should have ownership rights to grow income streams from its property assets. 'Railway Undertaking' local tax burdens may be an issue - a station is an asset providing intangible benefits to the community it services – increases in this local taxation may be a disincentive to further development.

27. How can local communities be encouraged to support their local station? ✓

Q27 comments: Through 'adopt a station', 'neighbourhood watch' equivalent of for stations and 'Friends of' schemes.

28. What categories of station should be designated and what facilities should be available at each category of station? ✓

Q28 comments: Nothing to add to your own comments.

## **Cross-border services**

29. Should cross-border services continue to go north of Edinburgh? In operating alongside ScotRail services, how do cross-border services benefit passengers and taxpayers? And who should specify these services, the Department of Transport or the Scottish Ministers? ✓

Q29 comments: Yes. Through services enhance the economic importance of the towns they serve, and distribute visitors & spending more evenly throughout Scotland. They generally offer a higher level of passenger comfort and facilities than ScotRail services do, and direct services are attractive to business travellers, who might otherwise go by air. They should be specified by the Scottish Ministers based on a known demand for them (business, tourist, retail forums).

30. Or should the cross-border services terminate at Edinburgh Waverley, allowing opportunities for Scottish connections? And if so, what additional benefits would accrue from having an Edinburgh Hub? ✓

Q30 comments: No.

## **Rolling stock**

31. What alternative strategies or mechanisms could be used to reduce the cost of the provision of rolling stock? ✓

Q31 comments: Ownership with manufacturer contracted to provide maintenance, carrying any additional 'maintenance' vehicles at its own cost.

32. What facilities should be present on a train and to what extent should these facilities vary according to the route served? ✓

Q32 comments: toilets. Luggage & cycle areas. Wheelchair & child in buggy area. Trolley at seat service.

## **Passengers – information, security and services**

33. How should we prioritise investment for mobile phone provision and / or Wi-Fi type high-bandwidth services? ✓

Q33 comments: Not a priority. Their use is seen as a nuisance factor by the majority of customers.

34. How should we balance the need for additional seating capacity and retain the flexibility of a franchisee to offer first-class services if commercially viable? ✓

Q34 comments: Seats are the highest priority ... 97% of your customers don't travel first class according to your own statistics.

35. What issues and evidence should be considered prior to determining whether or not to ban the consumption of alcohol on trains? ✓

Q35 comments: Main issue: Whether the ban can be enforced without police presence. Main Evidence: The experience of passengers and staff travelling on a train on which alcohol is being consumed, and whether their journey experience was marred by it.

36. How can the provision of travel information for passengers be further improved? ✓

Q36 comments: I assume this question relates to passenger dissatisfaction with the quality of information when things go wrong. Needs analyses of the information chains, identifying blocks or leaks and whether the normal channels over which routine information is disseminated is the ideal medium to use when things go wrong. One of the problems may be the lack of a fast easy to use direct link between the person or team who are either in control of the incident (or have knowledge of it and are busy arranging contingency



services) and the customers at every station who require that information. Electronic Notice Boards at stations worded 'all services subject to delay or cancellation' are not what the customer needs. He/she is only interested in the service they are travelling on, or meeting someone off. There is or was a system TRUST which gives that information to rail staff. A customer information system could be driven by that, or its successor.

### **Caledonian Sleeper**

37. Should we continue to specify sleeper services, or should this be a purely commercial matter for a train operating company? ✓

Q37 comments: Specified.

38. Should the Caledonian Sleeper services be contracted for separately from the main ScotRail franchise? Or should it be an option for within the main ScotRail franchise? ✓

Q38 comments: A Franchise requirement.

39. We would be interested in your views in the level and type of service that the Caledonian Sleeper Services should provide. Including:

- What is the appeal of the Caledonian Sleeper Service, and if there were more early and late trains would the appeal of the sleeper services change?
- What is the value of sleeper services to Fort William, Inverness and Aberdeen and are these the correct destinations, for example would Oban provide better connectivity?
- What facilities should the sleeper services provide and would you pay more for better facilities? ✓

Q39 comments: There are no connecting train services for the first morning departures from Edinburgh or Glasgow, and these involve a very early rise and a road journey. Business users generally need to be at their destination by 8am and no daytime service can achieve that. In general, given a choice, all customers prefer to travel overnight, even in seated-only accommodation, so that they have a full day available at their destination. Business users require a berth, shower, shaving and valet facilities, including a trouser press.

I don't think the main problem is in Scotland. There is only one English destination – London – as the arrivals at Preston & Crewe are too early and their facilities too basic to be considered as part of a 21<sup>st</sup> century reasonable journey solution by sleeper to and from other parts of England & Wales.

### **Environmental issues**

40. What environmental key performance indicators should we consider for inclusion in the franchise agreement or the High Level Output Specification? ✓

Q40 comments: In addition to what you have said in this Section: the use of energy-efficient long-life standard components; the use of green energy systems e.g mini-wind turbines, solar panels to power facilities; the capture of 'waste' energy from traction to augment train heating systems; Electric traction to generate & return electrical energy to overhead power lines.