

Respondent Information Form and Questions

Please Note this form **must** be returned with your response to ensure that we handle your response appropriately

1. Name/Organisation

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3. Permissions - I am responding as...

Individual

Group/Organisation

Please tick as appropriate

(a) Do you agree to your response being made available to the public (in Scottish Government library and/or on the Scottish Government web site)?

Please tick as appropriate Yes No

(b) Where confidentiality is not requested, we will make your responses available to the public on the following basis
Please tick ONE of the following boxes

Yes, make my response, name and address all available

or

Yes, make my response available, but not my name and address

or

Yes, make my response and name available, but not my address

(c) The name and address of your organisation **will be** made available to the public (in the Scottish Government library and/or on the Scottish Government web site).

Are you content for your **response** to be made available?

Please tick as appropriate Yes No

(d) We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

Please tick as appropriate

 Yes No

Consultation Questions

The answer boxes will expand as you type.

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: We believe that there is a case for a multi-focus franchise rather than a dual focus one, representing different ambitions across the network; commuting, inter-city, sleeper, rural, etc.. The social rail element is a difficult concept as it could be applied to any non-profitable line, there being a point at which every profitable line could slip into non-profit. The focus or purpose of the service in that case does not necessarily change and rather than redefine objectives it may be appropriate to retain the ambition that every line should move into profit. If social rail is defined by different parameters it could then be easier to dismantle the service by looking at alternative options to deliver those benefits which, though valid, could have a higher cost to society. It seems there is an underlying social aspect to all services, the minimum standard, and that this could be defined across the franchise, with the economic rail element being those services which happen to operate profitably and which can fund their own investment. We support the notion of a multi-focussed franchise but would prefer the benchmark social service to be defined across the whole network as a minimum standard with many services operating to a considerably higher standard where there is the economic basis to support this.

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

Q2 comments: We believe contract periods should be quite short, as the key argument used to justify longer franchises, that they allow the franchisee to be rewarded for their investment, is not borne out by the evidence. In fact it is the government that funds and makes all of the investment decisions in rail infrastructure, which is how it should be as the long-term stakeholder. The franchisee, even on a long franchise, is a temporary stakeholder. As the franchise letting process is the only competitive occasion in the whole process there is a benefit in keeping these processes more frequent both in better value for money for the fare-paying public, by easily adapting to new circumstances as they develop, and by retaining the expertise and experience in letting and bidding for franchises within the sector. A long franchise which no longer fits the circumstances pertaining when it was let serves no purpose, whether it be making large profits or threatening to liquidate the franchisee.

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

Q3 comments: As per Q2 above, we do not support a risk support mechanism as we think shorter franchise periods would obviate this. Any risk support mechanism could be abused, the franchisee looking to trigger the additional support funding by under-performing, so it just introduces a degree of complexity which could be avoided with shorter but more straightforward franchise periods. As an unusual mechanism it would need monitoring, and there would be few comparators, so it seems only to further complicate the subsidy model.

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

Q4 comments: As per Qs2&3 above, we do not see any need for a profit share system with a shorter franchise period. The profit/risk would be built into the franchise tender after which the franchisee should reap the rewards as they accrue or not.

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

Q5 comments: We believe there is great scope to sub-let all kinds of service within the existing franchise, but that it is potentially too complex to bring these into the actual franchise process. For example, sleeper services could be contracted out, but only by the franchise winner to ensure that ticketing and timetable integration were maintained. Provided the terms of the original franchise are adhered to for minimal standard of service there need be no conflict of interest in this.

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

Q6 comments: The profit motive seems to be the most tried and tested way to incentivise what is essentially a financially driven process of tendering, as it is measurable and accountable. This would work for sub-letting services as in Q5 above, and for rewarding increased passenger traffic figures. In a competitive environment such as transport it should not be assumed that passenger figures will either rise or fall (based on past trends) so a good way to incentivise the franchisee would be for any increase in passenger numbers, since this would have benefits for the whole of society not just those using the trains.

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

Q7 comments: The bond should reflect the cost and timescale of the retendering process.

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

Q8 comments: As per Q6, if profit is used to incentivise good performance then there should be a cost penalty in failing to deliver a minimum service. It is important that these are set at an appropriate level and not just an opposite counterbalance to the reward strategy. For example, during the last two winters the train service failed to operate at a time when the road network was out of commission due to heavy snow and freezing conditions, a time when rail could have fulfilled a vital transport need for the whole Scottish economy. This was ascribed at the time to inadequate investment in rolling stock, freezing air conditioning pipes, and such like. Those investments may have been quite small and unimportant given the rare disruption to service caused by the cold weather, but they do call into question at a national strategic level the whole point of investing in rail infrastructure if it cannot deliver when other modes are unable to. Therefore the penalties for failing to deliver the minimum standard of service should be set very high to justify investment in the appropriate stock and other measures to ensure a full service at all times.

Achieving reliability, performance and service quality

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

Q9 comments: As per Q6 the reward structure should be based on passengers carried as this benefits society at large in taking passengers off the road network, however late they are in arrival. Qualitative measures for the passenger experience in a competitive environment like transport must result in increased patronage. It would be reasonable, therefore, to keep the reward structure simple and limited to incentivising numbers of passengers carried. Inadequate performance in terms of the passenger experience is related to patronage so there is a case for not penalising poor performance. However, leaving the whole thing to the market poses risks in allowing poor performance where passengers have no alternative, therefore it would be logical to operate a penalty system based on trains that were late or overcrowded, without working toilets, dirty or that had no food service. A balance needs to be struck between the cost of recording these failures and the benefits arising from reporting them. In principle we would support incentivising numbers of passengers carried and penalising poor quality of service if the latter could be shown to operate in a cost-effective way.

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: We see no reason to justify different incentive or penalty regimes on different routes. A mechanism need only be devised to account for the different consequences for the passenger for a given service. For example a rural service only operating twice a day which is four hours late has different consequences from one on a busy commuter route where a late train would be replaced by the next service, say fifteen minutes later. The true extent of the delay is felt. It would be appropriate therefore, like airlines do, to

skew the model to penalise longer delays and ones where no alternative service was available.

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

Q11 comments: A mathematical cost penalty structure needs to be devised which reflects the true impact for passengers, such as missing a flight, the start of a concert or an onward rail connection.

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

Q12 comments: As Q9-11 the mathematical model need only quantify real impacts. A ten minute delay in arrival has the same consequences whether at the end of a three hour journey or a fifteen minute one.

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: As per Q9-12 we think the assumption should be that the service will be provided on time in clean trains and to a good quality standard. We do not support a system of incentivising quality improvements as this confuses the aspirations for improved range and frequency of service rather than comfort quality. We only support penalising poor quality of service, therefore. Whatever is rewarded or penalised can only be that within the franchisee's control, including sub-let stations or routes.

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

Q14 comments: Any other methods, such as passenger feedback, can only be fed into the agreed penalty model for poor service which is written into the franchise. We would support a roving team of independent quality inspectors travelling on the network to assess performance, as such reports can usually be extrapolated across the whole network successfully, based on other industries' experience.

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: Train capacity is always better served by increasing frequency of service rather than providing fewer, bigger trains. This is therefore a very loaded question. There is a financial trade off between

increased service and new patronage versus cost of service provision. We would always support increased frequency of service being considered as the first approach to resolving capacity issues, in order to increase overall patronage. Train capacity also suffers from uncontrolled passenger access, unlike bus or air operators which only sell tickets for seats available. We would be supportive of a move to introduce more control over seats sold along the lines of the airplane model, to allow more certainty in service provision and better accommodate the safety and comfort needs of passengers.

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: Again, like Q15, this is a very loaded question since demand modelling has long recognised that changing modes or services along the route are a very big disincentive to passengers when planning their journeys. Usually waiting times score as highly as 1.6 (1.0 being time spent moving) in factoring in time comparisons between modes. Rail always suffers the journey to station and station to destination transfer times on any route compared to the car, so introducing more waiting within the journey time is a negative. We suspect that the evidence is that passengers plan their route and journey time to maximise on through services. We therefore believe that increasing interchange would be a negative factor wherever it replaced through routes and would lead to an overall decrease in passenger numbers.

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: As per Q1, we only support the government prescribing a minimal social service as a benchmark, with the franchisee having some freedom to innovate in how it provides the more economically driven successful routes on the basis of competing with other modes of transport.

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

Q18 comments: It is difficult to see how contract specification can go beyond a minimum service without impacting on the ability of the franchisee to innovate and apportion services according to demand. Government need not be involved once it has established a minimum service. We see no benefit in over-regulating a service beyond the established minimum other than through the straightforward subsidy benefits of per passenger carried.

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

Q19 comments: Again, the contract cannot incentivise innovation without defining it, a contradiction in terms. If we want to stimulate innovation we have to remove the barriers and impediments to it and allow it to happen, not prescribe it.

Scottish rail fares

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

Q20 comments: Fares should be targeted to compete with car travel, since that is now the purpose of supporting rail travel with subsidy. A pricing structure needs to be created, therefore, that competes with the car (such as second to fourth accompanying passenger travelling for free). This would be radical, but a sound basis to justify the large public subsidies.

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: A basic pricing structure along the lines of Q20 needs to be agreed at the time of franchise tender. The government need not regulate beyond the broad principle.

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: As Q20-21 the pricing model should only be geared to compete with the car and not necessarily relate to the cost of providing the service as it operates in a heavily subsidised environment in any case. Taxpayer subsidy should at least be based on the carbon savings and other costs/savings deriving from increased rail patronage. Fares can only be increased in line with other increases in other mode costs, such as vehicle fuel excise duty. There is a relational link with other modes of travel which must be fully understood in a subsidised industry. Accordingly there should be no price increase on new or improved rail infrastructure just as there is no cost penalty for driving on a newly-completed motorway.

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: This should be left to the franchisee to determine.

Scottish stations

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

Q24 comments: Based on the minimal service provided and the interest in sub-letting the threatened station to a third party such as a community group.

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: There could be numerous benefits arising from this, particularly in rural areas where the village station could act as post office, centre for the post bus passenger service, community cafe, youth hostel, car hire depot, etc.. A rural rail service can often only be viable and fulfil a meaningful role within the community when it is linked in to the provision of these support services, none of which might easily be provided by the franchisee holder.

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: No, we consider it sensible and beneficial to actively encourage a variety of station service providers on a sub-let basis, as in Q25. A leaseholder could take out a full repairing lease or this could be covered by the infrastructure owner. Station improvements could be considered in a similar way, funded by the owner for increased rental income.

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

Q27 comments: By tendering for the lease of a sub-let station, as described in Q24-26.

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

Q28 comments: Any type of station could be sub-let provided it covered the minimal rail service requirement. For example, suburban stations might be let to newsagents or convenience stores provided they covered basic waiting and ticketing facilities.

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: As per Q16 there is a considerable disbenefit to travellers from Inverness, Dundee and Aberdeen not having access to direct services to England, particularly when many of these routes compete directly with air. We believe the evidence is that passengers select their journey time to avoid interchanges. We therefore do not support the abandonment of cross-border services north of Edinburgh. We would see an advantage in the DoT and Scottish Government jointly setting out the parameters for cross-border services when those franchises come up for renewal. The tax-payer benefits by increased rail patronage compared to air, with considerable carbon savings.

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: Scottish connections already exist at Waverley for non-through-route destinations so this is no change and not an 'opportunity'. There would be no additional benefits for Edinburgh Waverley in having through passengers for northern Scotland disembark and alight on new trains going north.

Rolling stock

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

Q31 comments: No comment.

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

Q32 comments: No comment.

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: This is less of a priority on shorter routes as the competitive modes, bus and car, do not facilitate computer links. As for pricing, Q20-22, investment should be prioritised in response to other modes of travel or to permit benefits which would not be possible for other modes of travel, to give commercial advantage.

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: We support a move towards fully seat-ticketed trains in future which would allow a service to operate at nearly full capacity, in the best possible financial model. On this basis, there need be no conflict of interest between different seat price models. It is ultimately a commercial decision for the franchisee based on demand.

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

Q35 comments: Alcohol consumption is not in itself a problem but policing of trains is, including fare dodging, offensive behaviour and language, intimidation and things like feet on seats. We consider that the improved policing of trains is essential in improving passenger comfort and security and an improved and more widely-used service overall. We do not think that alcohol abuse is a single issue outwith the more general context of public behaviour.

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

Q36 comments: In train display boards and platform information boards work well.

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: The sleeper is an important social provision as an alternative to flying and should be part of the minimum service.

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: The possibility of contracting out should be allowed, but sub-let by the franchisee holder to ensure through ticketing and continuity of services.

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: The appeal is being able to leave London or Edinburgh at midnight, travelling city centre to city centre, avoiding a night in a hotel and minimum apparent travelling time. More trains do not improve the appeal.

No comment on the onward destinations which should be considered by traveller questionnaire (which this is not).

An important service benefit would be a shower on the train or on arrival. That this is not possible even in the station is a great disbenefit, but ideally it could be on the train in the station. A good breakfast on the train would be another benefit rather than in the sleeping car. Another benefit would be through services to Paris or Brussels avoiding the need to transfer across London.

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: A great deal more needs to be made of the inherent carbon benefits in using rail over other modes of transport, particularly air. Overall we want to see a level playing field for all modes to compete on, and this would depend on the true carbon costs of other modes of transport being apparent. We see this as a viable method of subsidy justification.