

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

Organisation Name

East Coast Main Line Company Ltd

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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: Considering the diversity of rail services in Scotland we consider this to be a logical proposal. We would expect the services that ScotRail operates in competition with East Coast to be covered by the economic rail element.

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

Q2 comments: We agree with the DfT's proposals that longer franchises bring benefits such as investment in new rolling stock. We suggest a period of 15 years dependant upon levels of investment to be appropriate.

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

Q3 comments: We consider that differing mechanisms would be required for the economic and social railway. We suggest that an operator should take greater risk and reward with the economic rail element to ensure passenger focussed outcomes.

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

Q4 comments: It should be based on a fair allocation of risk and reward, revenue support being balanced by revenue share.

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

Q5 comments: East Coast does not have a view on this.

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

Q6 comments: We would expect that the “economic rail element” services would not require to be incentivised as sufficient incentive is available through the fare box. However we suggest that the social rail element would have appropriate minimum service specifications.

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

Q7 comments: East Coast does not have a view on this.

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

Q8 comments: East Coast considers the existing sanctions of breach, default and termination, together with risk of cross default to be sufficient.

Achieving reliability, performance and service quality

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

Q9 comments: We strongly recommend that a franchisee should normally be incentivised from sharing the benefits of improved outcomes and poor performance should be penalised when necessary.

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: A dual focus franchise would suggest different values of journey time and therefore the impact of train lateness. We consider that aligning the performance regime by route would be overly complex and the whole of Scotland too blunt an instrument. It is possible that current method of service groups, depending on their construction, is appropriate.

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

Q11 comments: The current regime assumes a constant value of lateness irrespective of the degree of lateness which in our view is not aligned with passenger needs. We suggest that performance should also be incentivised for improvements in CaSL. (Cancellations and Significantly Late trains)

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

Q12 comments: The experience of East Coast on a high value InterCity railway is the business case is optimised when journey time is minimised.

This may hold true for the economic rail elements in Scotland.

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: It is East Coasts' view that in a profitable rail environment there is sufficient incentive to improve service quality. However for a social rail element, where the fare box can be a small element of total cost, then such a regime may be required and should cover all aspects that influence customer satisfaction.

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

Q14 comments: We refer to our answer to Q13.

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: In the absence of data on costs of providing additional capacity we are not able to comment on this. An arbitrary limit of 10 minutes may not be appropriate on routes with very high, high peak loadings.

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 answer to Q 29.

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: If Scotland chooses a dual focus franchise, we suggest that service provision in the economic rail element should be determined through competitive bidding within the framework of the ITT. This may lead to innovative proposals by competing bidders. Following award of a franchise, the successful franchisee will be incentivised to grow the market in relation to customer demand.

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

Q18 comments: Again the economic rail element could have a light touch minimum specification. However the economic reality is such that the social rail element would need to be tightly specified to reflect the funders requirements.

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

Q19 comments: This should partly be achieved through a competitive franchising process and then a mix of economic incentives for the economic rail element of services in Scotland and a service quality regime for the social rail element.

Scottish rail fares

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

Q20 comments: East Coast considers this to be an issue for the Scottish Parliament and other funders as they have the expertise in assessing social benefits.

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: East Coast considers this to be an issue for the Scottish Parliament and other funders.

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: East Coast considers this to be an issue for the Scottish Parliament and other funders.

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: East Coast considers that revenue management is an essential part of the modern railway. It is more likely that the fixed nature of railway assets results in mismatches between supply and demand especially where there are clear peak flows. Higher peak fares can be used to cross

subsidise lower off peak fares attracting new customers to rail. In urban areas and perhaps on some regional journeys we would recommend the adoption of modern ticketing technology to enable differentiation of high peak from peak.

Scottish stations

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

Q24 comments: We are mindful that this issue is most likely to be relevant to the social railway and therefore East Coast considers this should be determined by the Scottish Parliament and other funders.

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: It generates a new source of investment, encourages local ownership and pride and therefore can generate new demand.

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, there are many cases in England where adjacent stations are operated by different TOC's. There is a potential here for improving customer service through competition. Options include Network Rail, ScotRail franchisee, existing inter city franchise or a new entrant into station management. ScotRail is perhaps unique (although in common with London commuter TOC's) where it manages the majority of its stations. We consider that the existing regulated Station Access Agreements provide sufficient protection to a TOC who is buying station access from Network Rail or another (competing) TOC.

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

Q27 comments: East Coast currently manages 12 stations, mainly in large urban conurbations. We suggest support of the local community can be encouraged with further development of community rail partnerships.

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

Q28 comments: From an East Coast perspective we consider Edinburgh Waverley, Glasgow Central and Aberdeen to be terminals where we compete with air and the facilities should be appropriate for a passenger who has spent c£400 on a ticket and has a 4 hour journey by train. At other stations where

East Coast calls they should perhaps be designated as InterCity stations, again appropriate to a passenger who has paid a £400 fare.

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: Ultimately this is a decision for DfT, Transport Scotland and ORR. Cross Border services bring benefits to passengers and taxpayers through the operation of direct services from the main population centres (including Glasgow via Edinburgh) to the North East of England, York/Leeds/Manchester/Sheffield, East and west Midlands and London.

From an East Coast perspective the larger trains utilised on these services provide some peak capacity within Scotland on weekdays, weekends and holiday periods. We are unsure as to whether the existing rolling stock in Scotland could serve these peak flows. We note the consultation document (para 8.5) implies that revenue is abstracted from Scotland by these services but does not take into account the cost of providing these services. In addition the revenue we earn is low as the fare is set by ScotRail.

We recommend that Transport Scotland considers whether it wishes to encourage open access competition with its own services which could be encouraged by the loss of direct franchised services. In this case the services would not be specified by DfT or Scottish Ministers but by the shareholder of the Open Access Company.

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: The operation of East Coast trains beyond Edinburgh incurs identifiable costs in OPEX and rolling stock. Subject to agreement between the DfT and Transport Scotland the rolling stock freed through the termination of East Coast services at Edinburgh could be utilised to provide a half hourly service between London and Edinburgh. This would bring benefits of frequency from London into the Edinburgh hub and also an increase in frequency to locations in England which are not served by the hourly fast train (Alnmouth, Durham, Northallerton, Doncaster, Newark and Peterborough).

We again ask Transport Scotland to consider the implications of ORR granting capacity to trains not specified by either Government, in place of franchised services.

Rolling stock

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

Q31 comments: In view of the highly specified nature of services in Scotland, it may be more appropriate for Transport Scotland and other funders to purchase rolling stock and lease it to the franchisee.

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

Q32 comments: From an East Coast perspective, and in relation to inter city travel, to compete with air, a premium product for business travellers and a value for money product for leisure travellers. We also recommend that services that connect with inter city trains have first and standard class, appropriate seating, catering and wi-fi.

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: We recommend Edinburgh to Glasgow Queen Street, Perth, Aberdeen and Inverness should be prioritised as these routes carry significant number of passengers who are making long distance journeys.

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 consider the provision of first class seating from Inverness, Glasgow and Aberdeen to be imperative to retain market share of business passengers from the locations to England. We are concerned that should there be no first class on these routes then passengers may migrate to non rail competitors for their entire journey. This would result loss of revenue on the core East Coast route thereby damaging the whole Anglo – Scottish rail business.

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

Q35 comments: The banning of alcohol on cross border services would be problematic and represent a serious loss of quality when passengers are offered meals on trains.

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

Q36 comments: East Coast is aware that web based applications are now the main source of information. Further developments of applications for iphone/android devices will achieve this objective.

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: We are aware that the sleeper services provide a niche market for rail where passengers wish to use the sleeper in one direction and daytime rail services in the other. We therefore recommend research into usage of the sleepers to identify what revenue would be lost to UK rail should these services cease.

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: East Coast does not have a view on this issue.

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 Caledonian Sleeper services attract passengers to rail who may otherwise use other non rail modes. With interavailable tickets or dedicated single tickets a passenger is able to travel in one direction by sleeper (for an early morning arrival) and return by normal train. We therefore suggest the sleeper services be reviewed in relation to their overall contribution to rail, together with social and environmental benefits.

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: As these could have a significant impact on costs we consider this to be a decision for funders.