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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: I don't see where there is any real difference. The idea of dividing services and the way they are supported already goes into the franchise commitment required of the franchisee, and presumably ministers are aware of the cost implications. I can't see much of an upside, the downside is that so-called social rail services will become a political "football" every time the franchise is up or the franchisee is in any kind of difficulty. If we believe there is any capacity for franchisees to take risks over which they have no control we are deluding ourselves. All parts of the franchise are *de facto* social rail, and to think otherwise is simply wishful thinking.

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

Q2 comments: You are on the horns of a dilemma! Short franchises help to keep the franchisee incentivised but reluctant to invest while long ones enable investment but reduce the incentive. If you accept the shorter one then the franchisee is an operating contractor and somebody else has to make the investment decisions. If you go for the longer one you may get investment near the beginning but as the franchise matures the investment incentive declines. On balance I prefer the shorter one. Its more morally honest!

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

Q3 comments: Reflecting my view on Question 2, the private sector is very willing to accept risks over which it has control. Asking it to provide insurance against risks outside its control is at best very expensive, and at worst a complete deal breaker.

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

Q4 comments: If you are supporting the franchisee against exogenous factors, it seems a completely fair quid pro quo for the Government to take some of the upside if exogenous factors go well. Conversely if you (rightly) expect to cane him financially if he fails on things that are within his control, he ought to keep at least a significant proportion of ant efficiency gains he makes over and above the target. That is how incentive based regulation

works in other sectors where there is effective monopoly of provision.

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

Q5 comments: If you make the initial franchise too tight there will be little or no room for smaller new market entrants. You probably can't force the pace (though see answer to Q7) but you could include a clause to encourage outsourcing by the franchisee.

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

Q6 comments: You already say it; output based payments, but be very careful what you ask for in specifying the output because you will get EXACTLY what you ask for!

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

Q7 comments: Like risk, performance bonds are very expensive for the franchisee to provide. Banks usually want 100% reduction in the creditworthiness to match the value of the bond, but HMRC will not let a company allow for that in their tax accounts. Such bonds may give the illusion of rectitude but in fact all they do is freeze out the smaller and more innovative potential franchisees. I am not at all sure the existence of a performance bond, as against in service penalties, will have any impact on the day to day actions of the franchisee. This means it won't give the Government any actual protection, it will simply increase the costs of the franchise and rule out more inventive bidders.

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

Q8 comments: Write it down clearly and in plain language and have indisputable liquidated damages pro rata to the degree of underperformance.

Achieving reliability, performance and service quality

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

Q9 comments: Both. It should be symmetrical and concentrate on performance within the control of the franchisee.

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: If you can come up with a reliable and incontrovertible method of allocating underperformance to different regions, lines or activities of the franchise then have a go! The grave danger with a half-hearted or misconceived regime is that the franchisee will simply obfuscate

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

Q11 comments: By focussing very carefully on how you draw up the franchise. Make sure you ask for what you want to see not some proxy. If you use a proxy, what you will get is the proxy. There is no easy substitute for taking the appropriate advice to clarify what you want, then setting it out clearly.

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

Q12 comments: I am not clear what is in the weighting for PPM. From the passenger point of view train speed, service interval, punctuality, queues for tickets, first and last services ,all impact effective journey time.

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 mentioned before, what is the point of putting risks on the franchisee that are beyond his control. He can't do anything to make it better, it just adds to his costs, and hence to the cost of the franchise.

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

Q14 comments: Under the present regime there seems to be no measure of train and station quality. The emphasis is on cost. Scotrail has done better than quite a lot of other UK franchisees on station quality, less so on trains, but where is the relationship between Scotrail and the ROSCOs. Trains are often poorly cleaned, too short and with large numbers of toilets out of commission. Quality is an important aspect for luring people out of their cars. Public complaints are too subjective. I guess you have to have clandestine inspections.

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: Depends what you mean by better. Is cramming more

people into inadequate trains better, most would think not.

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: Why? The use of extended direct services is popular with passengers. I know many who will plan their journey to avoid changes. The advantage to the railway is it loads the delay risk onto the passenger, he simply has to wait for the next connection. Overall quality of service much lower. Might have a marginal increase in punctuality. Should that be an end in itself. Or is it another aspect of being careful what you ask for?

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: You can only leave them to the franchisee if you let him keep all the upside. Even then you may create incentives for short term gain to the detriment of long term goals.

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

Q18 comments: Consistent with powerful output based incentives

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

Q19 comments: The whole system seems to be geared against the innovator. Big companies are rarely innovative. They spend too much time looking at their competitors. The franchise mechanism doesn't lend itself to allowing new market entrants who are the only real innovators. You can try by reducing some of the artificial barriers like performance bonds.

Scottish rail fares

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

Q20 comments: Rail users are not, in general the poor and disadvantaged of society. But by not using roads they are making life better for all their fellow beings. Rail is the spearhead of a policy to reduce car dependence. Government has to balance the pressure on its own expenditure with its desire to improve transport. I suppose the key word is what the market will bear. There is evidence we have reached that level and are beginning to stop luring them from their cars.

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: The present fare structure is daft in most of the UK. Why should a ticket bought 12 hours in advance for a specific train cost sometimes only 20% of the price you have to pay for a regulated ticket at the station 12 hours later. In most of the UK we no longer have effective integrated ticketing and that is to the great detriment of rail users. In Scotland it is less so because Scotrail has a monopoly and ORCATS will allocate most to the regulated ticket revenue to Scotrail in any case. For this reason the average rail fares are probably higher in Scotland. All the more reason not to exclude the longer distance UK services from operating north of the central belt.

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: See Q20.

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: For most peak fares are just a tax. Individual passengers have no degrees of freedom. If London hasn't been able to do it where more than 90% of workers arrive by public transport, how can we in Scotland

Scottish stations

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

Q24 comments: For new stations, listen to local authorities, campaign groups and have a transparent appraisal process for assessing applications. For closures usage will be a criterion but there are issues of alternative services, and care must be taken against killing by stealth which a number of ToCs have used, such as reducing the service to few trains at inconvenient times

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: Certainly can't see why we would want to prevent it if they were so minded. Adding stations does impact the existing service so again an independent and clear appraisal methodology would help

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: I thought, apart from Dunbar, Edinburgh Waverley, and Glasgow Central, all stations in Scotland are managed and maintained by the Scotrail franchise. Nearly all commercial property is held on full repairing leases with dilapidations at the end of the lease. I hear no clamour for that to change. Where there are silly divisions they should be sorted out. There are 350 stations so that is not a huge property portfolio, and plenty of other organisations manage much bigger portfolios. So in short, no major change but a good idea to tidy up some of the fuzzy edges before the next franchise document is released.

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

Q27 comments: In rural areas and away from the major cities, just ask them. In cities and suburbs where automatic ticket barriers are ubiquitous the atmosphere is not there. That is a price we have all paid for our franchisees obsession with revenue collection. I have seen the pounce on a Scotrail arrival at one of the platforms without barriers at least ten strong!

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

Q28 comments: I'm not a fan of this sort of designation. It often ends up being silly at the boundaries. The portfolio is not large and surely manageable on a case by case basis with some sensible guidelines, perhaps

more driven by usage than some kind of location based designation.

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: I think the Scottish Government would look stupid and parochial if they didn't. Passengers dislike changing trains and it would be a big disadvantage to passengers north of the central belt to be forced to change trains in Edinburgh. I don't believe an equitable way cannot be found to agree a funding model between DoT and the Scottish Government.

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! Why does that "allow" opportunities, they are already there. Passengers choose to use the through trains. No benefits would accrue, just disadvantages. If ORCATS misallocates regulated ticket revenue (which it almost certainly does because for one thing it ignores any service quality issue) it should be changes not the service degraded to get round the problem! A passenger from (say) Stonehaven to York would have to buy two separate tickets, or pay the exorbitant regulated fare. He would have to put up with over two hours in a class 170 dmu to Edinburgh, and take the risk on making his connection before he got into a decent long distance train. Offering him that as a benefit over a through long distance train is insulting.

Rolling stock

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

Q31 comments: EGIP will require new EMUs which are cheaper than DMUs and presumably numbers of more modern DMUs will be released for use elsewhere. Though presumably these factors have been taken into account. There are some smaller rolling stock owners that may be interested in taking over the major refurbishment of the older DMUs and that might be cheaper. The track record of the major ROSCOs is not great!

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

Q32 comments: Luggage space and enough toilets, not only to meet demand but to have spare capacity for breakdowns!. Trolleys on longer distance trains. First class on most services outside the central belt. First class is good for lifting the image of rail to help encourage people from their cars. WE could adopt the principle used in Norway and some other countries where first class is charged as a supplement on the basic ticket rather than as a separate ticket type.

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: Yes on longer distance services. Another edge over driving!

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: Keep first class and make sure trains have enough vehicles. I don't think it's normally a major clash. Long distance trains are where first class is needed and these should not be loaded to suburban crush standards, indeed there should normally be spare seats. If they are so crowded that taking out first class will make a difference, the train is way too short anyway.

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

Q35 comments: It's always difficult to infringe the freedom of the majority to prevent bad behaviour by a small minority. The present ban on specific services is probably appropriate. Changes to the depth of the ban may also be acceptable. A blanket ban seems draconian. I am a very frequent train user both within and outside Scotland, and it has been years since I last saw

a drunken misbehaviour incident on a train

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

Q36 comments: The network rail Smartphone app is really good. On several occasions I have been able to use it to help rail staff understand what is happening when their own control hasn't told them. The failure is with internal communication. Most ToCs have good websites though Scotrail's is one of the clumsiest to use.

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: I think the sleeper services are important, and buses are not in the same league. Nor is driving and staying in a Travelodge (shudder!). I use sleepers across Europe in preference to air travel. There are global warming arguments as well. Tourism would suffer.

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: They are marketed almost entirely separately and use separate stock so I can't see how it makes a difference whether they are in the Scotrail franchise or not. Maybe one for the innovators to be invited to have a go at.

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: I would still use the sleeper in preference to the "red eye" in the morning or a hotel in London. Private bathroom facilities would be good and I would pay a premium for that. I do on the Continent. Renfe (Spain) have some excellent sleepers. I have used Aberdeen but not Inverness or the West Highland sleepers.

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: The biggest environmental issue is global warming. Rail can help by reducing car travel, and by using efficient and electric trains. That requires electrification and Scotland is doing well on that. So bizarrely the environmental KPIs should probably be more passenger miles and less diesel usage.