

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: Depending upon how “economic” and “profitable” are defined I suspect that not very many of ScotRail’s services would be economic. In principle you would say that those services which could be self-financing – as the Consultation Document implies the InterCity routes in Scotland, E & G and so on – would be “economic” whilst the others which would not run on a commercial basis would be “social”. A potential and bizarre problem with this division is that, depending on economic climate and the views of the franchisee, you could have a much worse service than today on the “economic” routes whilst the heavily specified “social” routes would be protected. In practical terms creating such a division could cost a great deal of management time (and possibly money) not just in devising accounting systems to allow for the two sections to report separately but, for example, in creating separate staff groups working for the two sections. Overall the problems of the proposal may outweigh any possible benefits.

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

Q2 comments: I note that the Document says that the evidence is inconclusive but I would think it is very widely accepted that a longer term contract will create greater “ownership” from the owning group and thereby encourage development. The upheaval caused within a TOC and the loss of focus during a re-franchising should not be under-estimated. Whilst it may be attractive to “test the market” by franchising frequently, the wasted costs in these exercises (for the unsuccessful bidders) and the continual feeling of uncertainty amongst the staff – who will be in charge, will conditions change etc.? – probably outweigh the benefits. In principle therefore a very long contract is desirable, for example ten to fifteen years. For the 2014 letting only, there could be merits in a shorter “one off” arrangement to allow cognisance to be taken in due course of the UK rail industry and Scottish constitutional issues which the Document refers to.

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

Q3 comments: See comments below for Q4.

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

Q4 comments: As I understand it, in most franchises the franchisee takes the revenue risk but is protected against disastrous loss of business by the franchising body; similarly the franchising body is entitled to a share of profits if they go above a certain level. Presumably franchisees would not bid for a franchise if they did not have some reassurance about protection against disastrous loss. Given this, in many ways a management contract is perhaps neater. Whilst there is presumably less potential for the franchisee to make huge gains they have a guaranteed income on which to plan and the franchising body knows roughly what its costs will be. In such arrangements I assume that the fare box revenues go to the franchising body and so there would need to be something in place to make sure that the franchisee (or manager) properly marketed the services and collected and accounted for those revenues.

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

Q5 comments: I am not quite sure what is meant here but an obvious example of third party involvement would be by an Open Access Operator. I suspect that there might be particular interest in Anglo – Scottish services (covered by Q 29 and Q30). As I understand it Open Access applications are decided by ORR based on advice from NR, franchising bodies and others and I would expect that Transport Scotland (TS) would have a positive view of such applications ensuring of course that the basic franchise operations are not adversely affected. Regional Transport Partnerships (RTPs) could also be viewed as third parties. I am not sure of the precise funding arrangements between them and Transport Scotland but (what I think are) the current arrangements whereby they can in effect lobby Transport Scotland and the TOC to introduce improvements which TS will fund, if necessary on a trial basis, seem sensible (see also Q25).

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

Q6 comments: Presumably this would vary depending on the type of franchise (e.g. a management contract would have a different arrangement) but I suppose some of the key areas are train service performance and service quality (covered by Q9 to Q14) and delivery of other franchise commitments, particularly on investment. What I understand to be the current arrangements on franchise commitments seem sensible to me. These involve dialogue between the franchising body and franchisee, updates on progress and ultimately sanctions which could be financial penalties (or, by agreement, the allocation of investment to another area) or even loss of the franchise.

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

Q7 comments: This is not an area of expertise for me. I suppose it does seem

slightly bizarre that the franchising body in effect subsidises a guarantee which the owning group is giving. If the key aspect to be “covered” is the costs of refranchising in the case of default I wonder whether this could be achieved through legal means without bonds being involved at all. Could you have a legal contract which said that the owning group undertake to compensate the costs of refranchising (in case of default)? Could you add a clause which debarred such a group bidding for new franchises for a fixed period (say 5 years) in the case of a default? The risk to the franchising body in such an arrangement I suppose would be the entire owning group going into administration and there would then be nowhere to get the compensation from.

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

Q8 comments: See answer to Q6 above.

Achieving reliability, performance and service quality

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

Q9 comments: I would think that good performance would be taken “as read” so that, provided the targets are sensibly set, poor performance is penalised but there is no extra incentive for good performance.

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: I am sure that both Network Rail and the TOC do monitor performance by individual route so that, in principle, a regime could be produced which had a separate system for the Kyle line, Edinburgh to Milngavie and so on. I suspect that the current service groups used by ScotRail are (subject always to fine tuning) a good compromise between individual routes and the whole of the franchise.

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

Q11 comments: To me the most striking point made by the Consultation Document here is that intermediate times are not considered. So a commuter from Glasgow to Perth might be regularly late but this would not be recognised if the train usually made up its time on reaching Aberdeen. Something taking intermediate stops into account would therefore be good. I understand many people’s concerns at the 0 – 5 and 0 – 10 criteria but I am not convinced that there would be any benefits in moving to an “on time” standard criterion.

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

Q12 comments: I did not realise until reading the Document how important journey time was to potential new rail users. I have always tended to think that delivering the advertised time regularly was more important than journey time improvements. Clearly this is an issue as is the issue (linked to the questions on train services) about balancing end to end times with intermediate stops. If it can be funded and if there is track capacity, the way in which TS and the TOC have proceeded in some areas with more “local services” and stops taken out of some of the longer distance trains, seems very sensible. The way in which Laurencekirk Station has been incorporated into the NE timetables seems very good to me, for example.

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: Although the Document indicates that the TOC is always paying a penalty under SQUIRE my perception is that the regime has hugely improved the focus on standards within ScotRail and has led to great improvements for the public. Without financial penalties (perhaps financial incentives are not necessary – see comments on train service performance) there would be a danger of the TOC neglecting some of the service quality issues. I think a regime is required therefore and although covering the areas of activity currently monitored perhaps on more of a “spot check” basis. This would reduce the cost to the franchising body of managing the regime. In principle, and presumably outwith the franchise agreement, a similar regime of checks could apply, for example, to the NR Major Stations in Scotland.

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

Q14 comments: If, as mentioned under Q13, TS do “spot checks” these could be supported, as the Document suggests, by self-audit and by NPS results. Ultimately however the spot checks would probably be the tool to drive any penalties.

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: If you look at the heavy loadings on LUL in the morning peaks Scottish rail services seem very civilised by comparison. Clearly however, as the Document implies, there is a balance between having adequate peak capacity and having stock which is underutilised for much of the day. It is difficult to set a precise time for standing but 20 minutes (as

opposed to 10) seems not unreasonable.

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: Undoubtedly the use of shorter services from interchange stations should make the service more reliable though the issue is whether passengers would be put off by having to change. In terms of long distance services I would suggest that services are not advertised as through services if they are not following a "natural" line of route. At one time (not in the current TT I think) for example there were through services from the central belt to Kyle and in many respects (even though it might be the same unit) this just confuses passengers. In the case, for example, of through services from Inverurie to the central belt, the TOC will have data which would help decide whether such through services have increased patronage or whether a local shuttle would be just as effective. Examples in the central belt of where through services could be replaced by shuttles (subject to the infrastructure being satisfactory) could be Alloa (a shuttle to interchange at Stirling) and Balloch (a shuttle to interchange at Dumbarton Central). I suspect however that having to change would put people off using rail and overall patronage would decrease.

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: I tend to think that if frequency and journey time were not specified in Scotland an operator would provide a service considerably reduced from the present. For an operator to run services on their own initiative they would need to see enough customer demand to meet any additional costs and to gain some "profit".

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

Q18 comments: As implied in the response to Q17, I suggest that a heavily specified contract would be preferable. A looser contract, as favoured in principle by ATOC, could have its merits but would almost certainly mean reduced services in Scotland.

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

Q19 comments: Even in a heavily specified franchise (or management contract) the franchisee can be incentivised, for example, by a positive approach to profit/revenue share on any new services, for example. Generally

though such a contract will not encourage innovation – the emphasis will clearly be on delivering against the specification.

Scottish rail fares

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

Q20 comments: I do not have expertise in this field. As the Document implies the policy (both now and in the future) needs to balance a number of key issues including controlling government subsidy (by increasing fares revenue), attracting new business particularly where there is spare capacity and being reasonably clearly understood and considered to be “fair”.

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: No comments on this question.

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: No comments on how to achieve the balance. Given that CPI is now being used for many public sector pay settlements and for public and private pensions there might be logic in it replacing RPI in any regulatory structure. Notwithstanding my comments on simplification on Q23 below, the notion of having higher fares on routes which have seen investment seems good. As is implied, the notion of the Glasgow to Edinburgh fares being cheaper via Airdrie/Bathgate and Shotts than on the E & G (particularly post EGIP) is sensible.

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 Document mentions that TS are working to simplify fares and this is to be welcomed. I am concerned at the fact that “walk up” fares on the day are so much dearer than fares which are booked in advance (I am not sure if this is largely an “InterCity UK issue rather than a Scottish problem). Particularly where there are frequent services it seems that we should be encouraging purchase “on the day” rather than expecting booking some time in advance. Having said that I accept that Off Peak fares (perhaps as opposed to Advance) are an important way of encouraging people who are not commuters onto services where there is capacity. In terms of the question it does encourage people to “switch”. I cannot comment on what the relative

rates should be.

Scottish stations

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

Q24 comments: If TS are against the principle of station closures but will look at individual cases then a starting point would be to say that no station will close unless there is a reasonable rail alternative – i.e. another station rather than a bus alternative. These things are difficult to estimate but given the overall aim of increasing rail patronage you would not want to close a station if you thought it would mean more people travelling by other than rail. The Document is right to highlight the balance between intermediate stops and end to end journey times (and they have been mentioned in a response to a previous question). It is also always easy to pronounce on stations where you have no personal interest. Breich and Addiewell always seem a strange combination but I know that there are deep held views by some involved in those locations. On the rural routes the continued use of request stops, given the relatively low line speeds, seems sensible in terms of end to end times though obviously access costs are still to be paid. I am not an expert on, for example, the Cathcart Circle which the Document mentions. In future I wonder if the light rail solution sometimes mooted would be sensible for it. This would mean perhaps more “halts” but not necessarily stations of the type used today. I know that studies have been done and do wonder about the potential for an Arbroath to Dundee service but perhaps with rationalised stops. You might close Balmossie and Golf Street (which I think was too small for major events) and have a credible service calling at Broughty Ferry, Monifieth and Carnoustie. The notion of “parliamentary” services to stations does not seem sensible unless there are definite plans for improved services in future years.

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: To some extent this is touched on in the response to Q5. Probably the franchising body (TS) needs to have the overall control so that the RPT or business can discuss such developments with them but the final decision and funding (in the case of RPTs) comes through TS. In the case of businesses TS could take contributions but would still need to have overall control of the project.

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: Ideally the franchisee would be responsible for all the station management activities but I suspect that this would only be worthwhile in a longer term contract. If a shorter term contract is used it is probably best for

Network Rail to retain their current role.

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

Q27 comments: I have been most impressed with what ScotRail have done with local partners in the "Adopt a Station" scheme. Perhaps the key in encouraging further such development is properly targeted publicity about the arrangements and a requirement for the new franchisee to continue and develop such a scheme.

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

Q28 comments: I support the principle of categorising stations and having a specification for core facilities within each category. I am not sure that I can better what is suggested. I do support the provision of toilets on train (to be taken into account if new rolling stock is ordered and relevant to Q32 below).

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 am sure that any east coast franchise operator would welcome the opportunity to withdraw from services north of Edinburgh and I accept that it would improve, as the Document suggests, resilience, control and simplicity – I would have thought that the financial issues could be resolved alternatively and the core Aberdeen to London services and one Inverness to London service have their origins in the BR era so that they cannot be viewed as seeking to manipulate the ORCATs system. I would have thought however that whatever future constitutional arrangements apply in Scotland a direct daytime link from the highlands and Aberdeen to London is essential and that – whatever interchange arrangements are put in place at Edinburgh – more people are likely to fly from Aberdeen in particular if they have to change when going by rail. Others will have expert views but I suspect that "business confidence" in an area is improved by a direct link to London. If Plymouth and Swansea have such direct links then surely it is appropriate for Aberdeen to have similar. If the services remain then probably the specification needs to be done as at present unless (see Q37 below) there could be a link to the sleepers and one separate operator asked to provide day time London to Aberdeen and Inverness services and overnight services. Clearly in view of the age of the HSTs, rolling stock for these services will be an issue. Presumably TS have an interest in the discussions taking place on new "Inter-City" rolling stock.

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: See the response to Q29.

Rolling stock

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

Q31 comments: No comments on this question.

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

Q32 comments: The current provision (with toilets to be provided on all trains) is generally sensible. Naturally the operator will want a degree of flexibility in the use of rolling stock to avoid unnecessary waste but clearly a commuter EMU needs more space for standing, grab rails etc. whilst a longer distance service requires more comfortable seating, possibly First Class and adequate luggage provision. Many of the general public are surprised at the use of 3 car 170 units on central belt to Aberdeen and Inverness services but as services increase in frequency and journey times reduce, this may be less of an issue. You might question whether the Standard Class provisions in a Voyager type vehicle are appreciably better than what a 170 provides anyway.

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: I am not expert in this field and thought that increasingly people had access to their own provider's network via dongles and so on so that the provision of an on-train Wi-Fi (as with VT or EC) might be less necessary. I think that the ability to access the internet on the key "business routes" of Aberdeen and Inverness to Glasgow and Edinburgh and the E and G should be a priority. In terms of mobile phones, although their use on trains is a source of irritation to some, we should work towards being able to use the mobile on all services.

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: This is, as the question implies, a difficult balance. I would tend to say that First Class is only available on the central belt to Aberdeen and Inverness services and the E and G and that a First Class compartment on other services is "declassified". This in itself brings problems because someone used to sitting in a First Class compartment with a Standard ticket on one route is then offended when not able to do so on another route. It is probably the best solution however and ultimately, on any service, the Conductor should have the discretion to declassify.

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

Q35 comments: I very much favour this proposal in principle. The key advice should come from BTP and the operator about whether it is thought it can be sensibly “policed” and accepted as happened with the smoking ban. I suspect that the greater use of station barriers will help with this.

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

Q36 comments: I have no comment other than to say it is sensible, as you are, to be aware of the various industry initiatives in this very difficult area.

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 suspect that if not specified the sleepers would not be operated. The franchising body should therefore continue to specify (assuming we want them to continue).

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: If we want the sleepers to continue they must be specified and not an option (see Q37 above). The idea of contracting them separately is interesting however. The service depends on a range of contracts – for Drivers, locos, rolling stock, depot facilities and linen for example – while the current operator supplies guards, many of the station facilities, marketing and the sleeping car staff. I wonder if a UK wide company such as DBS who currently supply locos and Drivers might be interested in running the whole operation particularly in a tightly specified arrangement or a management type contract. On the other hand the sleepers have a reasonably high profile in Scotland whereas they are little known in the south and there are clear benefits in the people in charge of the Scottish franchise having responsibility for them.

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: Regarding early and late trains, I suppose that there will be no significant improvement to journey times on Anglo-Scottish services until the advent of HS2 and therefore they should not (at least until then) adversely affect sleeper patronage. The problem particularly with early trains is that you have to be up exceptionally early to get to Waverley or Glasgow Central for the first departures and it really is more civilised to have set off the previous night and had a sleep on the train overnight. I presume that there is a good market from business customers who, with meetings starting in London at about 10.00, find the sleepers a good way to travel. There could also be a market with people going to Heathrow and, more obviously, intending to use the Eurostar at St. Pancras. Arrival times of 07.00 – 08.00 are probably ideal – the Perth northbound arrival for example is really too early – and later departure times are probably best – in this case the Perth departure for example is excellent. Clearly you cannot please everyone if you are serving a variety of stations on the one service.

The sleeper services are of value to Aberdeen and Inverness as a direct link to London for business and leisure and seem very sensible destinations. Fort William certainly catches the imagination of the public as a sleeper destination but I accept that there are huge logistics in serving it for a relatively small number of people. As the Document suggests, Oban would offer more in the way of connections – ferries to Mull, Barra and so on.

I would think as a minimum every sleeper customer should have their own cabin (unless two people want to travel together). Beyond that certainly a shower would make the sleepers more attractive and a toilet for each cabin. Such facilities could be specified if a new vehicle build is being considered. Clearly this would create all sorts of issues of train supply and weight of vehicles, for example, and might reduce capacity so that, all in all the fares would need to be considerably greater. I suspect that people would pay a bit more for better facilities, consistently provided, but very careful market research and business planning would be required to ensure that elaborate new vehicles were not ordered and it was then found that people would not pay to use the service.

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: Environmental KPIs should be included but I cannot improve upon the topics outlined in the Document.