

**Graham Whiteley**

## **Consultation Questions**

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### **Procuring rail passenger services**

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

Q1 comments:

The nature of the rail network in Scotland is such that it must be offered as a single franchise package. If more than one franchise were awarded then there would be a clear potential for a lack of co-ordination between operators, for example, if the various Glasgow – Edinburgh service routes were to be operated by more than one competing company. Given the level of public investment in the railways in Scotland, it is difficult to see any financial or business advantage to the proposal to present the franchise as two managed units. The so-called Economic services must be retained within the broader franchise in order that the operator can achieve cross – subsidy with the Social services. Putting certain inter-city routes to the market would inevitably lead to cherry picking of operations and services run; the parallels with the deregulation of bus services in Britain are obvious. Furthermore, if franchisees are to bid on two bases, whilst it is possible that long-term costs may fall on the “economic” routes, there would certainly be a marked commensurate rise in costs on the “social” routes, leading to no net reduction in subsidy from the taxpayer and fare payer.

Finally, presenting the network as two managed units is likely to lead to an increase in management costs for both the operator and for the managing body, Transport Scotland.

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

Q2 comments:

First Group has operated in a satisfactory manner since 2004, and will have achieved a 10-year term at the end of the franchise. Whilst short-term franchises may be considered to give an opportunity for market testing, it is difficult to imagine a scenario in Scotland that will radically reduce the cost to the public purse for the foreseeable future. The exception to this will be the implications of implementing in full the McNulty report (Realising the Potential of GB Rail 2011). The headline conclusions from this report suggest a

significant reduction in Network Rail costs over time. As this should be reflected in lower payments from the government to cover track access charges this should not be material to the period of the next franchise. With the exception of the circular finances of track-access charges, cost pressures on train operators are largely staff, energy and train leasing charges and are more clearly within the operator's realm of cost prediction.

Short-term franchises inevitably lead to a lack of vision and willingness to undertake risk, as well as a period of "coasting" towards the end of the franchise and therefore 10 years should be the minimum for the new franchise.

There must be robust mechanisms in the franchise to take early action against poor performance rather than the 'carrot' of a franchise extension for satisfactory performance. This should be avoided as it leads to the same lack of vision as short-term franchises (except where a short-term extension may be required because of external circumstances).

The longer the franchise, the greater the investment commitment must be from the operator. As it is unlikely that any ScotRail operator will be willing to invest in new rolling stock, longer franchises must be awarded on the basis of stretched expectations of service performance, including timetables. An example is the number of short workings between Dumfries and Carlisle that are greater on Saturdays than Mondays to Fridays, reflecting an available train unit. The considerable growth in the market on this section of the GSW route would suggest that a six-day level of service would be viable, but the absence of any apparent meaningful attempt to locate resources, even through co-operation with Northern, illustrates a drawback of the current approach.

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

Q3 comments:

It is understood that franchising is costly for both the franchising body and potential franchisees. However, there does not seem to be any evidence that this deters bidders and therefore I consider that there should continue to be a high expectation that the operator will take a significant level of revenue risk. In the event of the current economic downturn impacting on rail travel in the future then exceptional measures may need to be specified in the franchise agreement to guard against premature withdrawal from the contract.

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

Q4 comments:

It is unclear to what extent the growth in Scotland's passenger services (and indeed on the rest of Britain's rail services) is due to the specific actions of the train operators and the rail industry or is due to other factors, such as traffic congestion, costs of motoring, need to travel more widely for work etc. Profit generated from the ScotRail franchise may therefore be wholly coincidental to

the performance of the company, assuming it maintains a satisfactory level of output. The cap and collar regime should be used to deliver commensurate savings to the Scottish Government and train users.

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

Q5 comments:

Previously the railway network has accepted third party contributions from transport authorities, for instance to provide new or additional train services. This should be encouraged by the explicit acceptance of such services onto the central government funding when such pump priming ceases, subject to meeting minimum outcomes. However, the Regional Transport Partnerships should not be viewed as a supplement to core funding.

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

Q6 comments:

Outcome measures will be set in the franchise agreement. There should be no need to incentivise the operator to meet them, rather the converse. There should be five-year period milestones set in the franchise that will increase the targets in the franchise.

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

Q7 comments:

No comment

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

Q8 comments:

See Q3. There should be no tolerance for failure to meet franchise commitments. Further, franchise commitments should be delivered early in the life or period of a franchise, i.e. within two first two years of a five year period to ensure delivery.

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

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

Q9 comments:

The incentives for good performance should be rising receipts. It is not necessary to further incentivise operators.

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:

Probably a case for individual route performance, or groups such as Glasgow Suburban. The failure of a train on the GSW has significant impacts on that route to its users but may make little impact if its performance is lost in an all-Scotland figure.

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

Q11 comments:

Regular and sustained monitoring. The Regional Transport Partnerships should have a role in reporting performance issues.

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

Q12 comments:

The DfT has clearly taken a view that extending journey times helps performance. This has resulted in services (with exception such as the upgrading of the WCML) delivering progressively slower journey times or making fewer station stops to achieve higher end-to-end journey times. This is very undesirable and does not take account, except at the margins, of increased performance of new rolling stock.

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

Q13 comments:

No comment

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

Q14 comments:

Greater involvement through community groups and a stronger feedback that issues will be addressed in a specified timeframe. An example in the

passenger facilities at Lockerbie that are seriously dated but do not appear to due any remedial action unless addressed by the RTP.

### **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:

No comment

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:

The encouragement of integration of services, both rail-rail and rail-other modes should be encouraged and developed. As station facilities are improved, this makes interchange easier. The access to stations by those who may not have use of private cars should be a high priority, especially walking, cycling and other modes of public transport. The development of rail services that make use of 'hubs' as interchanges must be designed to achieve improvements to the linking services to compensate for reductions in through journey opportunities.

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:

There are two extremes. There is a risk of micromanagement of services, that can lead to ossification of existing services through basing services on existing timetables, or the risk of allowing operators to specify according to too loose criteria, such as five trains per day, that results in an unbalanced service pattern. Experience on the GSW has shown that services have only changed by only a few minutes during the franchise. Clearly some half way house is appropriate to avoid long service gaps whilst meeting needs of commuters. It is apparent that shortage of rolling stock on the rural network (across the whole of GB) creates difficulties for operators and specifiers. It is suggested that Transport Scotland seek to procure new non-electric units so as to enhance the rural network.

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

Q18 comments:

See above.

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

Q19 comments:

This must be an iterative process between the franchisee, Transport Scotland and Network Rail to build the network. In the Central Belt, opportunities for additional services may be limited due to capacity constraints until these can be resolved by infrastructure investment and better trains. External links, such as the GSW's access to Carlisle via the WCML is another constraint, but equally Carlisle is an important hub for Southern Scotland and must not be regarded purely as a terminal point but a considerable opportunity.

### **Scottish rail fares**

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

Q20 comments:

Whilst the UK Government has determined that rail users in England should be expected to eventually bear up to 50% of the costs of the railway, this has led to fare rises well above inflation. Fare rises must be tied to a direct improvement in service provision, rather than an across the board figure. First ScotRail's fares are relatively low, and in the Strathclyde area even lower, so radical changes in policy could quickly lead to significant losses in passenger traffic and general resentment as well as impacting on other Government targets for sustainable travel, energy use etc. Fares must be seen to deliver wider goals rather than purely to raise money. As the gap in total funding in Scotland between the rail user and the taxpayer is so great, significant changes will be difficult.

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:

See above. In rural areas, peak hour restrictions on cheap fares has a consequence of lightly loaded trains ( e.g. between Dumfries and Carlisle) when a more flexible policy could encourage more use but without loss of revenue.

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 above. Fare increase should not, in any event, exceed inflation except where there can be clear benefits derived from enhanced services.

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:

People travel in the peak because they have to. Off-peak travel is not usually an option. Except in the Central Belt, service levels do not provide opportunities for 'shoulder' pricing. On the GSW the differential between Peak and off-peak is considerable and unrealistic and will act as a disincentive to peak rail use.

### **Scottish stations**

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

Q24 comments:

Where there are inner city stations in Glasgow that are close together, and/or very close to the city centre, and thus well served by other public transport, there is a strong argument to consider closure, especially if they are lightly used. On the rural network there are arguments for additional stations or re-openings to serve growing communities. These need not necessarily be at the same locus as previously closed facilities. The relevant RTPs will be best placed to advise on new or re-located stations.

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:

Agree.

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:

The division of responsibility between the franchisee and Network Rail on station management and maintenance is nonsense and reduces transparency and introduces unnecessary complications into even minor works. It is suggested that the franchisee is responsible for all aspects of local station management and maintenance.

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

Q27 comments:

Through use of Community Rail Partnerships and station adoption.

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

Q28 comments:

No comment.

### **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:

In principle, cross-border services from the ECML in particular should not proceed further than Edinburgh. Not only would this improve utilisation of East Coast and Cross-Country franchise stock, and remove the need for bi-modal trains on the ECML, the ScotRail franchise could more readily adapt and develop services to interchange at Edinburgh. Whilst loss of through services would be aggressively fought by many from further north, without knowledge of through travel numbers it is difficult to quantify, but end-to-end rail travel by a single service is rarely possible.

I would comment that Transport Scotland should seriously discuss with the DfT the end of the joint through service off the GSW to Newcastle that is part of the Northern franchise. This service now seems anomalous and reduces stock flexibility, as well as introducing risk into the network.

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 above.

## **Rolling stock**

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

Q31 comments:

This is part of a wider issue with rest of the GB network. There seems a complete inability to produce a rolling-stock strategy that would see a steady build of new trains without constant reinvention. Fortunately the “Desiro” trains seem to be evolving as the preferred unit of choice, but the industry appears to wish to retain the powers to specify its own equipment. This loses economies of scale and produces a myriad of classes of train. Given the public funding to the railways across GB, the governments must not allow the operators to specify their own solutions. The FPTE Class 185’s are a fine medium distance train but very destructive of track at full speed. Such future procurement must be avoided. There will be a need for significant build in the next 10 years in GB to replace various classes of DMU. This must be addressed sooner to avoid a hiatus later in the decade.

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

Q32 comments:

Any service under an hour and a half do not require any form of refreshment service. Apart from inner suburban units, all trains should have toilets. First class is generally unnecessary except for certain inter city routes.

## **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:

No comment.

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:

See above. Train designs must seek to accommodate the contemporary figure who may be travelling medium to long distance on services with

inadequate back-to-back space.

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 should be banned on all trains.

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

Q36 comments:

The use of digital arrival boards at most stations is to be welcomed but these are of little benefit if they do not work properly.

### **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:

If it is to be specified, the costs of support of this service must be transparent against the perceived benefits to Scotland.

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 Caledonian Sleeper should be separate from the main franchise completely.

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:

No comments

### **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:

To achieve the Scottish Government's wider goals of sustainability in Scotland the railway network should set a target of large scale electrification of those parts not electrified at present. This should initially include the Central Belt and Fife Circle range of services but then seek to link to rural lines. If electrification was achieved to Kilmarnock, then logical extension to Carlisle would not only provide the option for better services with electric traction over this route, but enable the GSW to be a viable diversion route for the WCML as was intended when the latter was modernised.