Department for Transport
Rail Decentralisation consultation
3/15 Great Minster House
33 Horseferry Road
London
SW1P 4DR

2nd Floor, One Drummond Gate
Pimlico, London , SW1V 2QY

w www.passengerfocus.org.uk
t 0300 123 0860 **f** 020 7630 7355
e info@passengerfocus.org.uk
direct 0300 123 0830
e mike.hewitson@passengerfocus.org.uk

28 June 2012

Dear Sir/ Madam

Rail Decentralisation

I am responding on behalf of Passenger Focus to the above consultation. Passenger Focus is the statutory body representing the interests of rail passengers throughout Great Britain.

The consultation document asks a number of questions about the various models for decentralisation. However, we believe that there is one over-riding issue/question that ought to govern the debate: what impact will it have on passengers?

Paragraph 3.16 of the consultation touches on this when it states that, "to be worthwhile, decentralisation should produce benefits to passengers.... that would otherwise not be available". While this is welcome we do not think it goes far enough. It ought to be a case of *must* rather than *should* - passenger benefit needs to be an explicit objective of decentralisation.

Passengers are focused on the outputs that matter to them – how punctual their service is, how many seats are available and whether they are kept informed when there are delays - rather than the structures adopted by the industry and Government to deliver these.   Hence our submission focuses heavily on passenger 'outputs' rather than industry 'inputs'.

We believe that each/any application for decentralisation needs to be assessed against a 'passenger test' which incorporates three core questions:

* *What benefits will it bring to passengers and how will these improve the delivery of services?*
* *Will it create any disbenefits and what effect will these have on passengers?*
* *Will it inhibit/prevent development of future benefits?*

We will address these in more detail below as part of answers to the issues in the consultation document.

1. Comments on the objectives and outcomes of decentralisation (chapter 3)

The document sets out the potential benefits of decentralisation as:

- Cost reduction and enhanced value for money
- Local democratic control
- Benefits for passengers
- Supporting and stimulating economic growth
- Contribution to carbon reduction

We offer the following comments:

- *Cost and efficiency*

  Rail enables people to get to work, acts as a catalyst of economic activity and is an environmentally friendly mode of travel. Demand for rail has soared in the last 15 years – with passenger numbers now being at levels last seen during the 1920s. Successive governments have recognised this and have invested significant sums of money to maintain and enhance services.

  If this growth is to be sustained then it will be essential that the benefits of rail are taken into account as well as the cost of provision. We believe it is essential that the 'post-McNulty' debate does not get lost in a narrow assessment of cost. Efficiency and cost are important - they clearly have a direct impact on the range of service offered to passengers and the fares charged - and an indirect impact on funds available for investment - but cost savings must also be set alongside the value of rail to the economy (both locally and nationally) and to passengers.

  One of the issues raised in the Rail Value for Money Study concerns staff costs – something reflected in the consultation document when it talks of the potential scope to change employee terms and conditions and staffing arrangements on trains and stations.

  Passenger Focus's research[1] continually emphasises the importance of staff, particularly when it comes to issues of personal security, ticketing and the provision of information. There is a very real danger that staff are seen only as a cost without considering the value they are adding. There may be scope for efficiency savings - more multi-functional staff for instance – but the debate must again not simply be about cost. A visible staff presence brings real benefits to passengers which any review must also take into account

- *Passenger Priorities*

  The consultation document lists a number of potential benefits:

---

[1] Passenger Perspective of Personal Security on the Railways. Passenger Focus. March 2009.
   Ticket Vending Machine Usability. Passenger Focus. July 2010
   Information: Rail passengers' needs during unplanned disruption. Passenger Focus. August 2011

- Service groups aligned more to local needs
- Details of the train service, such as choice of station stops, set to meet specific local requirements
- Fare levels and structures that meet local economic priorities and market conditions
- Services planned and integrated to meet demand growth in the most effective way
- Planning of future services and investment closely linked to other local plans, e.g. housing, education, regeneration and economic development
- Better integration with other transport modes

In an era of cost consciousness and efficiency it will be essential that scarce resources are focussed on the things that deliver the biggest passenger 'dividend'.

Passenger Focus has a wealth of data on passenger priorities and drivers of satisfaction - summarised briefly in Appendix A. This work continually emphasises the importance of the 'core product' – a punctual, reliable, affordable railway on which you can get a seat. For us a key part of the passenger test is whether the proposals will result in improvements in these areas.

- *Accountability – listening to the passenger*
  The consultation document raises a number of issues about local democratic control and accountability.

We believe it is important that the operator and the specifier of a service are accountable to the users of that service. To us this doesn't just mean the 'democratic accountability' principle raised in the consultation document but also more basic actions in terms of how it intends to consult passengers on the design of such things as timetables.

It is important that the specifier and the operator set out how they intend to gather the views of passengers on the services being provided. Traditional 'hard' measures on delays, cancellations and crowding are important but so is the quality of service being provided. On the latter our strong preference is for targets based on what passengers think – the best judge of quality being those who have used the services in question.

At present new franchises let by DfT include targets for passenger satisfaction – as measured by the National Passenger Survey (conducted by Passenger Focus). Our experience with NPS confirms the value of benchmarking service quality. Being able to compare performance across operators and sectors as well as over a period of time has real benefit to passengers. There is a genuine reputational effect in doing so – everyone wishes to be the best at something, no one likes to be the worst. You lose this ability if there is no consistency between franchises or service groups over time or if decentralisation results in less transparency.

- *Integration*
  Decentralisation proposals will also need to set out the degree of interaction with the rest of the rail network. Passengers value the concept of a national rail network and a seamless delivery of service. Proposals for decentralisation will need to show that it is still easy to make a journey from one region to another – the seamless journey must not acquire any rough edges.

  This was an issue recognised during the original debate on rail privatisation where the phrase 'network benefits' was coined to describe all the benefits accruing from having a single national provider – e.g. inter-availability of ticketing, national railcards, the ability to purchase a ticket at station A for use at Station Z.

- B*alancing strategic needs against local needs*
  Proposals will also need to establish a mechanism for dealing with the 'strategic vs local' issues set out within the consultation document. In an ideal world there would be sufficient capacity for local and strategic aspirations to be met but with demand already being high - and forecast to continue growing – there will inevitably be clashes. It will be important that decisions on decentralisation clearly specify a mechanism for dealing with disputes. Where you have, for instance, longer-distance and local services sharing a line there must be absolute clarity on who makes the decisions and who is responsible/accountable. There must not be a repeat of the circumstances surrounding the First Great Western franchise where, from a passenger perspective, it looked like the operator was blaming the specifier for the timetable being operated while the specifier said that it was the operator's decision.

- *Future-proofing: facilitating future enhancements*
  The consultation mentions the potential to link future services and investment with other local plans, e.g. housing, education, regeneration and economic development. There are clearly strong passenger benefits in doing so.

  However, there are also times when a global overview or strategy is required. For example, when planning engineering work to ensure that all key routes are not closed at the same time; when planning for significant events such as the 2012 Olympics; or when looking to roll out national schemes such as smart-cards/ticketing.

  Another example of particular interest to passengers is the provision of information. Our research on delays and disruption[2] found too many instances of passengers receiving inaccurate or conflicting information. Passengers wanted consistent information irrespective of where they got it and were baffled that staff do not all have the same information. Good industry-wide systems are essential to create a joined-up railway.

---

[2] Delays and Disruption: Rail passengers have their say. December 2010. Passenger Focus

It will be important that decentralisation proposals do not inhibit the ability of the industry to act in the general good at such times.

- *Transparency*
  It will also be important that cross-industry systems are consistent with the Government's drive towards transparency. Joint research with the Office of Rail Regulation showed that passengers want information (on performance and punctuality in particular) to be in the public domain[3]. Such information is important in generating accountability - the more access that passengers have the more they can hold the operator to account for the service it provides. Key to this is for the specification to require the release of information disaggregated by line of route – the use of company-wide averages masks performance in individual areas.

2. Models for decentralisation – possible options (chapter 4)

As mentioned above we believe that passengers are more concerned with the service delivered than the structures designed to deliver them.

Transport for London has undoubtedly made a success of the London Overground services. There has been considerable investment in rolling stock, a commitment to staff stations and a big focus on performance. This has been noticed by passengers and is reflected in significant increases in passenger satisfaction. In autumn 2009 overall satisfaction was 77%, in autumn 2010 it was 85% and in autumn 2011 it was 92% (compared with scores for the London and South East sector as a whole of 82%, 83% and 83% respectively).

However, high levels of passenger satisfaction can also be achieved through other models. The C2C franchise, which is let on the traditional model, recorded 91% overall satisfaction for Autumn 2011. This also represents a significant turn-around given its previous reputation as the original 'misery line'. It also reflects investment in performance and in better rolling stock as well as a strong management focus. In another example, the Chiltern franchise benefited from investment in the route/infrastructure in BR days and is also one of the few companies operating on a very long-term franchise basis – it too records consistently high levels of overall satisfaction.

This is in no way intended to denigrate the achievement on London Overground or to cast aspersions on the potential of decentralisation but simply to demonstrate that structure / ownership cannot be the sole factor determining success.

---

[3] Putting rail information in the public domain. May 2011. Passenger Focus

There appear to us to be two key features that need to be taken into account when assessing the different models available:

- *Investment*
  Investment is one of the common features in the examples given above. Money spent to make the infrastructure more reliable and on rolling stock to transform the travelling experience is reflected in higher passenger satisfaction. Put simply, there is a passenger dividend from investment.

  Hence one of the considerations when reviewing decentralisation proposals must be the ability of relevant parties to raise funds for investment – not just in terms of a one-off injection but sustained investment over time. History has shown that running/specifying a railway requires deep-pockets and the financial stability to withstand fluctuations in economic conditions.

- *Management*
  Investment must also be backed up with good management. From our perspective this means management that puts the passenger at the heart of the process and which has the skills, abilities and experience to deliver improvements.   This may include procurement and contract management experience, engineering, railway planning, as well as the technical knowledge required to engage with train companies and Network Rail.

  We accept that this is something that it is hard to assess/quantify in advance – it being more of the 'you recognise it when you see it' variety. Nonetheless it will be important to take into account the skills, abilities and experience of the people bidding to take on a function whether this be a franchise specification role or of actually running services.

In conclusion we would re-emphasise the importance of focussing on outputs rather than structures/inputs. What matters is what is delivered to passengers. We also believe that a one-size-fits-all-approach to decentralisation will not work. What might be suitable for a high-volume urban commuter environment, for example, may well not suit a community rail route where the level of investment, managerial skills and depth of engagement will be different.

Hence we deliberately do not recommend or prefer a particular model of decentralisation. As the document makes clear there are potential pros and cons to each – they all have the potential to make things better or worse for passengers depending on the circumstances involved. Accordingly we believe that each 'application' should be assessed on its own merits against the passenger tests outlined above. If they pass the test and if they make services better they will generate public support.

We would be happy to discuss these points in more detail should you wish.

Yours sincerely

Mike Hewitson
Passenger Focus

Appendix A: What Passengers' Want

In 2007[4] and 2009[5] Passenger Focus carried out stated preference research that asked passengers to rank a series of station- and train-based criteria in order of their priority for improvement.

The table below shows the top ten priorities in 2009 compared with 2007. It also shows the relative importance of each attribute ranking relative to punctuality - the higher the score, the greater priority passengers assign to that service aspect.

In the 2009 research there were three clear priorities for improvement: value for money, punctuality and service frequency. These, coupled with seats/capacity in fourth place, emphasise the importance passengers place on the 'core product'.

National Priorities for improvement

2009	Score	Service Improvement Preference	2007
1	1.08	Price of train tickets offer excellent value for money	1
2	1	At least 19 out of 20 trains arrive on time	3
3	0.98	Sufficient train services at times I use the train	2
4	0.86	Passengers are always able to get a seat on the train	4
5	0.79	Company keeps passengers informed if train delays	5
6	0.75	Information on train times/platforms accurate and available	7
7	0.69	Maximum queue time no more than 2 mins	6
8	0.69	Trains consistently well maintained/ excellent condition	8
9	0.67	Seating area on the train is very comfortable	9
10	0.67	Station staff are available whenever required	17

---

[4] Passenger priorities for improvement in rail services. Passenger Focus. 2007
[5] Passenger Priorities for improvement in rail services. Passenger Focus. 2010

Analysis by journey purpose shows that the top six priorities are also reasonably consistent across all journey purposes.

Priorities for Improvement by journey purpose (2009)				
(rank order, 1 being the highest)	National (GB)	Commuter	Business	Leisure
Price of train tickets offer excellent value for money	1	1	1	1
At least 19 out of 20 trains arrive on time	2	3	2	2
Sufficient train services at times I use the train	3	2	3	3
Passengers are always able to get a seat on the train	4	4	4	4
Delay information	5	5	6	5
Train time information	6	6	5	6
Ticket queue time	7	9	8	8
Train maintenance	8	8	9	9
Seating comfort	9	13	7	10
Station staff available	10	15	12	7

Alongside work at a national level, Passenger Focus also carries out research into local/regional priorities to help inform our submissions to franchise negotiations. This too emphasises the importance of the core product: punctuality, frequency, value for money, capacity and information.

Passenger Focus also conducts the National Passenger Survey (NPS). We consult over 50,000 passengers a year to produce a network-wide picture of passengers' satisfaction with rail travel. Multivariate analysis reveals that punctuality is the single biggest driver of overall satisfaction while the biggest driver of dissatisfaction is the way that the industry manages delays. In very simplistic terms, this means that the best way to improve overall passenger satisfaction is to get the trains to run on time