

Let passengers decide who keeps franchises

Two of our columnists propose radical reform of franchising. Anthony Smith asks why passengers, who provide most of the funding, are excluded from decision-making...



Peter Fahy commutes every day from Fleet in Hampshire to London Waterloo. He travels with South West Trains ten times a week. Assuming he works around 45 weeks a year, he uses the service about 450 times. His rail-only annual season ticket costs £3,520. Peter has just taken part in an online poll about the possible extension of the franchise for another three years. Who could be better placed to judge whether or not the train company should keep the franchise?

Far-fetched? Perhaps, but in the current debate about the future of franchising one thing is clear – the voice of the passenger should get a boost. Any new system has to work for passengers, taxpayers, the Government and the private sector. Keeping all parties happy is going to be difficult unless the new system is radically refocused on the needs and voice of what is now the rail industry's principal source of funding: the passenger.

The journey towards the railways becoming funded principally by its users has moved along quickly. The stated intention to shift to a 75% passenger/25% taxpayer split started in 2007. With spiralling revenues fuelled by continuing increases in passenger numbers, only six years later passengers are putting in nearly £2 for every £1 from the taxpayer.

So why is central government still taking most of the major decisions about the railway? Why do devolved governments aspire to take over much of this role? Surely it is passengers who should be driving this industry, and the private sector and Network Rail responding? Shouldn't the franchising authority include a minimum number of passenger representatives or be formally required to seek and heed the views of users of the services? Some large-scale stra-

tegic decisions will always need to be made by the Government but many others could be better made in a different place.

The current situation is far from this. Passenger Focus has just finished research on what, if any, involvement passengers want in the decision-making processes in the rail and bus industries. The results are fascinating and we hope to publish them soon. The media coverage of the West Coast franchise problems has clearly sensitised rail passengers to a degree not seen before. Understandably, most passengers do not think about this day-to-day. But they are clearly thinking about it a bit more now.

What passengers told us was that they feel the rail industry remains a total information void. No one really tries to communicate with them. Passengers

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generally have no idea that a franchise replacement process might be under way. They have no idea how they can have an input. Suddenly, with no apparent warning, a new operator is announced or starts running the service. Passengers do not know why that company has won and have no idea what has been promised. Into the void creeps suspicion and lack of trust. Passengers would like to be consulted and want to have more of a say.

They feel even more in the dark about the structure of the industry. The fact the industry is privately run with limited local government involvement comes as a shock. Passengers like the certainty of some sort of agreement between the private sector and the Government and want

to see them working together for the passenger benefit.

A bit radical? Yes, but the pace of change has really quickened in favour of passenger power. There are several ways this could be given immediate effect on the railways.

First, boost the size of the National Passenger Survey. This will make the results even more robust and provide a broader picture of passenger satisfaction around the network. Give the passenger voice more weight when franchises are awarded; get bidders to demonstrate how they will meet passenger priorities and how they are going to drive improvements in satisfaction.

Second, build elements of the National Passenger Survey into the franchise contracts as targets. These could be in specific areas as well as a simple overall improvement. They would provide incentives for the train companies and give passengers more say on how the franchise is being run.

Another, potentially far more radical, approach could be to make franchise extensions contingent on two things: a published "opinion" on the performance of the train company and its plans for the final years of the franchise from passenger representatives. The opinion or rating would be delivered to the Government which would have to say why it accepted or rejected it.

This would be followed by a well-publicised passenger vote: "Do you think company X should be allowed to keep operating this franchise?" Passengers would need access to plenty of information about the company and its performance, as well as the scope to make improvements in the next contract period, but it would marvellously align the interests of the passenger, train company and the Government.

Anthony Smith is chief executive of Passenger Focus.