

Chris Grayling, MP
Shadow Secretary of State for Transport
House of Commons
London
SW1A 0AA

Whittles House, 14 Pentonville Road
London N1 9HF

w www.passengerfocus.org.uk
t 0870 336 6000 **f** 020 7713 2729
e info@passengerfocus.org.uk
direct 0870 336 6012
e anthony.smith@passengerfocus.org.uk

Our ref:

18 December 2006

Dear Mr Grayling

Review of the Rail Industry

As the statutory, independent body representing the interests of rail passengers, Passenger Focus welcomes the opportunity to contribute to your review of the rail industry.

We have focussed our attention on two of the specific questions you ask:

a) Significant passenger growth is expected to continue in the rail industry over the medium term. What changes if any are needed in the industry to enable it to accommodate this growth? What would be advantages and disadvantages of such changes?

Britain's railways have experienced considerable growth in passenger numbers over the past decade. In 2005-06 there were 43.2 billion passenger kilometres travelled – an increase of 44% from 1995/96¹. The total number of passenger journeys for 2005/6 was almost 1.1 billion.

A study by the Association of Train Operating Companies (ATOC) concludes that growth rates for Britain's railways are the highest of any country in Europe². Growth has been strongest on London and South East commuter routes (57% growth since 1994/5) followed by regional services (52%) and long-distance services (33%)³.

The scale of growth has been such that the rail network is approaching the limits of its capacity in an increasing number of places – especially around the approaches to London. This will be exacerbated by projections of continued growth over the next ten years: Network Rail forecast growth in passenger miles of around 30% overall (25-30% growth in London and South East services, 50% for long-distance and 25-30% for inter-urban services).

¹ National Rail Trends yearbook 05-06. Office of Rail Regulation.

² Ten-year European Rail Growth Trends. ATOC. July 2005

³ Network Rail Initial Strategic Business Plan. June 2006.



While such growth is welcome and reflects the strength of rail as a transport mode it is not without consequences for passengers - chief amongst these being the impact on present and future levels of overcrowding, both on trains and at stations.

i) Defining overcrowding

There is no simple definition of overcrowding. Unlike buses there is no maximum number of passengers that can be carried on a train - the upper limit being defined by passengers' willingness (and ability) to physically squeeze into a carriage.

This is to a large extent a consequence of a flexible, turn-up-and-go ticketing system. Moreover, as many stations are not staffed and many trains are driver-only operated, there is no real means of preventing people from boarding. Hence, unless there is a move to compulsory reservations – something that is likely to prove unpopular with passengers – it is extremely difficult to prevent overcrowding and would be immensely difficult to administer.

There is, however, a general obligation in franchise contracts to avoid 'excessive' overcrowding – although there is no real definition of what constitutes excessive. In addition the driver or guard of a train can also refuse to operate a train if either feels that it has become dangerously overcrowded.

We believe that there is a clear need for a single, uniform approach to monitoring overcrowding. There are no uniform requirements and, where standards do exist, they are fundamentally flawed – a view shared by the House of Commons Transport Committee.⁴

ii) The scale of overcrowding

Levels of existing growth are such that the industry faces a problem with crowding now – it is not just a case of something to be addressed in the future. For instance:

a) London and South East

There are specific crowding targets for peak commuter services in the London and South East area. The target – known as Passengers in Excess of Capacity (PIXC) – is administered by the Department for Transport (DfT) and only applies to weekday commuter trains arriving in London between 07.00 and 09.59 and those departing between 16.00 and 18.59.

Capacity is deemed to be the number of standard-class seats on the train for journeys of more than 20 minutes; for journeys of 20 minutes or less, an allowance for standing room is also made. The allowance for standing varies with the type of rolling stock but, for modern sliding-door stock, is typically approximately 35 per cent of the number of seats.

⁴ House of Commons Transport Committee. Overcrowding on public transport. Seventh report of the Session 2002-03



The PIXC measure for a Train Operating Company (TOC) as a whole is derived from the number of passengers travelling in excess of capacity on all services divided by the total number of people travelling, expressed as a percentage. PIXC counts are carried out once a year, on a typical weekday during the autumn. Passenger Focus has a number of concerns at the adequacy and accuracy of this measure.

The DfT has set limits on the level of acceptable PIXC at 4.5 per cent on one peak (morning or afternoon) and three per cent across both peaks. Penalties are not applied by the DfT to TOCs for exceeding the PIXC thresholds. However, the franchise agreement between DfT and each TOC requires the TOC to plan its services such that instances of trains operating with passengers in excess of capacity are kept to a minimum.

Table 1 lists PIXC figures for 2004 and 2005. It shows that crowding is clearly more of a problem in the morning rush-hour than the evening – with half the train operating companies (TOCs) breaching the 4.5% limit in the morning as opposed to only one in the evening.

Table 1: Passengers in excess of capacity (PIXC)

Train Operating Company	Peak (AM) 2005 PIXC %	Peak (AM) 2004 PIXC %	Peak (PM) 2005 PIXC %	Peak (PM) 2004 PIXC %	Overall 2005 PIXC %	Overall 2004 PIXC %
Chiltern	1.9	1.6	0.0	0.0	1.0	0.9
Southern	4.0	7.8	2.0	1.8	3.1	5.2
South Eastern	2.4	2.4	0.8	0.4	1.7	1.5
One	4.6	2.3	0.9	2.4	2.9	2.3
C2C	0.8	2.2	0.1	1.1	0.5	1.7
Silverlink	5.0	4.7	5.8	1.3	5.4	3.1
South West Trains	6.2	6.8	1.4	1.1	4.1	4.4
FGW Link	5.6	2.5	2.3	1.5	4.2	2.1
Thameslink	5.6	2.4	2.2	2.7	4.1	2.6
WAGN	2.8	2.2	3.0	3.3	2.9	2.7
Total	4.0	4.1	1.6	1.5	2.9	2.9

Source: ORR. National Rail Trends Yearbook 2005-06

Table 2 shows the actual percentage of passengers standing on London commuter services.

Table 2: Morning peak period crowding



Train Operating Company	Number of passengers (000s)	% passengers standing
C2C	27	16%
Chiltern	10	2%
FGW Link	11	8%
ONE	78	12%
Silverlink County	12	9%
South Eastern Trains	120	14%
Southern	75	23%
South West Trains	82	17%
Thameslink	27	14%
WAGN	25	12%
Total	467	15%

Source: Network Rail Initial Strategic Business Plan

Based on counts made in 2004, Network Rail estimate that approximately 70,000 passengers travelling into London had to stand between 07.00-09.59 in the morning – some 15% of the total numbers travelling; and approximately 30,000 in the evening (8% of the total)⁵. Closer analysis of the morning peak reveals an even starker picture. Of the 70,000 standing some 50,000 did so between 08.00 and 09.00, with the remaining 20,000 between 07.00-08.00 or 09.00-10.00. Fifty thousand equates to some 20% of the total passenger numbers travelling into London in the peak.

b) Long-distance services

There is no public measure of crowding on long-distance services which makes it difficult to assess problem areas. There does seem, though, to be a particular issue where long-distance services also serve traditional commuter routes. For example, the Great Western Route Utilisation Strategy (RUS) found load factors in excess of 100% (i.e. more people than seats) on long-distance services into London between 08:00 and 09.00.

Virgin Trains are also quoted as saying that 20% of Virgin Cross Country services are overcrowded at some point in their journey – especially on Friday and Sundays⁶.

c) Regional/Inter-urban services

Again there is a shortage of publicly available statistics. Some regional services are, however, covered by crowding standards imposed by Passenger Transport Executives, but these may not cover the whole of the TOC operating area.

⁵ Network Rail Initial Strategic Business Plan. June 2006.

⁶ Passenger Focus. Response to the Department for Transport's Proposals for the Cross Country Franchise. September 2006.



Instances of overcrowding tend to be more localised, particularly on services running into major cities during the 08.00-09.00 peak. There are also examples of crowding on weekend and summer services. Passenger Focus's research⁷ as part of its submission on the East Midlands franchise found the following examples:

- Leicester to Lincoln: 185 passengers aboard a train with 148 seats
- Peterborough to Doncaster: 116 passengers aboard a train with 75 seats
- Morning-peak train departing from Dronfield towards Sheffield: consistently overcrowded.
- overcrowding on any part of the Liverpool to Norwich route at any time of the day

There are also instances of seasonal crowding, particularly on holiday routes in the summer.

It is difficult to make precise predictions of what crowding will look like in the future. However, given forecast growth rates and assuming the same base level of capacity Network Rail predicts that all London and South East TOCs would breach current PIXC standing targets by 2014⁸. Numbers standing in the morning peak would increase from approximately 70,000 in 2004 to 130,000 in 2014; and from 29,000 to 67,000 in the evening peak.

The South West Mainline RUS consultation document⁹ showed precisely what this might mean for passengers when it warned of passengers on peak London services having to stand from as far out as Southampton Central (79 miles from London), Witley (38.5 miles), Eastleigh (73 miles) and Andover (66.5 miles) by 2016.

Likewise Network Rail predicts an increase in crowding on long-distance services and of localised instances of crowding on regional services. For example, the Scotland Route Utilisation Strategy predicts that seven routes in Scotland will have more people travelling than there are seats available throughout the high-peak hour by 2016¹⁰.

iii) Passenger perceptions

The problems caused by crowding are also reflected in passenger perceptions/feedback. Passenger Focus produces the National Passenger Survey (NPS). This measures passenger satisfaction against a range of train and station based criteria, one of which is 'sufficient space for all passengers to sit/stand'. Results from the Spring 2006 survey show that, nationally, 62% rated the space to sit/stand as satisfactory or good, 15% as neither/nor and 24% as dissatisfied or poor.

⁷ Passenger Focus. Response to the Department for Transport's Proposals for the East Midlands Franchise. September 2006

⁸ Network Rail Initial Strategic Business Plan . June 2006.

⁹ Network Rail. South West MainLine Route Utilisation Strategy – draft for consultation. 2005

¹⁰ Network Rail. Scotland Route Utilisation Strategy- draft for consultation. Table 25.



Closer examination reveals a difference by region and journey type. It comes as no great surprise to learn that commuters in London and South East express the lowest levels of satisfaction. See Table 3 for more details.

Table 3: National Passenger Survey (NPS) satisfaction ratings on 'sufficient room for all passengers to sit/stand' – Spring 2006

	% rating satisfied /good	% rating dissatisfied / poor
Sector		
National	62	24
London and South East	58	27
Regional services	69	18
Long Distance	72	15
Journey type		
Commuters	47	37
Business passengers	67	17
Leisure travellers	76	10

Source: National Passenger Survey. Spring 2006.

Research commissioned by the SRA in 2005 asked passengers to rank the relative importance of improving a range of on-train and station service attributes. The results ranked sufficient room to sit/stand as 6th most important attribute (out of a total of 30). For London and South East passengers, however, it was 4th most important.

This was a national survey and there will, of course, be regional variations. Passenger Focus's research¹¹ on the Cross Country franchise showed that passengers ranked 'getting a seat' as the second most important aspect of their journey, beaten only by 'arriving on time at your destination'. For leisure passengers only, getting a seat was ranked the highest priority.

iv) Impact on passengers

Overcrowding is not just an abstract concept - it has a real (or potential) impact on the quality of service experienced by passengers as well as consequences for business.

For example:

a) Performance

Passengers taking longer to board and alight from crowded trains can actually cause delays to services. Indeed there is a risk that increased levels of crowding could reverse current improvements in overall performance levels.

¹¹ Passenger Focus. Response to the Department for Transport's Proposals for the Cross Country Franchise. September 2006



Equally, trains having to wait longer at stations may result in scheduled journey times having to be lengthened.

b) Safety and accessibility

The Health and Safety Executive (HSE) found that "there is no evidence to suggest that overcrowding per se is a safety issue."¹² This concentrated on injuries as an effect of overcrowding in the event of a crash. In comparing the injuries that were likely to be sustained, using information from previous rail crashes (e.g. Clapham Junction), it was concluded that both seated and standing passengers were likely to be injured to an equal degree of severity in a crash at high speed. The report conceded that the more passengers on a train, the more people would be injured in the event of a crash but maintained that the proportion of seated and standing passengers injured would be the same.

Passenger Focus believes that too little weight has been given to health and safety issues on overcrowded trains other than injury in the event of a crash. Thankfully, crashes on the rail network are very rare. Nevertheless, people are injured as a result of overcrowding on trains; in hot conditions, discomfort can escalate into fainting; and stress levels do increase in crowded carriages, which may result in unsafe behaviour. Passenger Focus made this point when giving evidence to the House of Commons Transport Committee investigation, 'Overcrowding in Public Transport'¹³.

We were pleased, therefore, when the Rail Safety and Standards Board (RSSB) agreed to undertake specific research looking into the health and safety effects resulting from crowding on trains and at stations. The research looked at all those situations in which crowding could lead directly to injury, or make an accident worse. The first phase of work is complete¹⁴. Subsequent phases of work will seek to quantify the risk associated with these hazards, so that the industry can identify the priority areas for action, where affordable improvements can give the most benefit.

We also feel that overcrowding also has specific implications for people with reduced mobility. In a rush for seats, for example, passengers with reduced mobility are less likely to get to the seats first. There are also associated issues such as ease of access to the toilets.

c) Employment

The House of Commons Transport Committee report on overcrowding¹⁵ concluded:

¹² Implications of Overcrowding on Railways, HSE Contract Research Report 225. 1999

¹³ House of Commons Transport Committee. Overcrowding on public transport. Seventh report of the Session 2002-03

¹⁴ RSSB. Health and Safety effects of Crowding.

¹⁵ House of Commons Transport Committee. Overcrowding on public transport. Seventh report of the Session 2002-03



"Failure to provide an efficient public transport system means that employers are faced with staff who are tired, stressed and uncomfortable on arrival at the workplace. Lateness at work, loss of productivity, sickness absence, missed and rescheduled meetings and lost business due to public transport overcrowding and delays all impose real and significant costs"

A report from Oxford Economic Forecasting found that cost of public transport delays to the City of London "is conservatively estimated to be about £230 million a year".¹⁶

There is also concern that transport difficulties have an impact on the recruitment and retention of staff

iv) Options/conclusions

Passenger Focus believes that addressing overcrowding is one of the key challenges facing the rail industry in the coming years. Unless there is a concerted effort to address the issue it is clear it will increasingly constrain the ability of the network to deliver a service that meets the needs of passengers.

There are a number of options through which this can be achieved but, in economic terms, most boil down to either increasing supply or reducing demand.

In the short-medium term there are a number of options ways of increasing capacity. Train Companies can, for instance, re-configure rolling stock to provide more seats or more standing capacity – the latter often being at the expense of seats. They can also look to add more carriages and run more trains. Passenger Focus naturally favours the provision of additional capacity but acknowledges the importance of taking into account the needs of those passengers standing when looking at train design.

However, the nature of the railway means that there is a finite limit to the number of trains (and hence, passengers) that can run at any one time so at some point additional capacity can only be provided by upgrading the infrastructure (e.g. new signal technology, track work or longer station platforms) in order to allow more, or longer trains, to run. In some cases it may even involve a new line.

There is clearly no single solution. Passenger Focus welcomes, therefore, the route-based approach adopted by Network Rail through the Route Utilisation Programme whereby specific needs and options are identified on a route-by-route basis.

Clearly cost is an issue when considering such investment. However, there is also a need to look at the existing regulatory regimes (e.g. incentive regimes for both Network Rail and TOCs) to ensure that these maximise possibilities for investment. It is equally important that decisions on infrastructure are taken alongside decisions on rolling stock – the cost and availability of rolling stock being major components of any debate on capacity.

¹⁶ Oxford Economic Forecasting. The Economic Effects of Transport Delays on the City of London. July 2003



'Demand side' economic theories can also be used to reduce overcrowding through the use of price. The complex ticketing structure is partly designed to encourage people to travel outside the busy periods but there is also the option, as used by British Rail, to decrease overall demand by increasing peak fares – so called 'pricing-off' demand.

Passenger Focus remains firmly opposed to the principle of pricing-off demand. NPS results show that passengers already have a poor opinion of value for money: only 41% being satisfied and 37% being dissatisfied. Further research¹⁷ by Passenger Focus confirms the overall level of dissatisfaction. There is also evidence¹⁸ that the cost of rail fares is one of the reasons that prevents people using trains more. Simply putting up fares will exacerbate these issues.

Passenger Focus does not, however, oppose using incentives to help spread demand outside peak hours – the key point being to offer discounts to passengers who travel outside peak hours rather than penalise those who travel in the peak. Passenger Focus research¹⁹ indicates that passengers might be willing to travel outside the high-peak hour (i.e. 08.00-09.00) through the use of so-called 'early-bird/late-bird' schemes that offer a discount/saving (in the region of 25%) on the cost of peak fares.

Passenger Focus believes that, ultimately, crowding pressures will only be addressed through long-term investment in the railways. The Department for Transport and the Scottish Executive's High Level Output Specifications will set the broad framework for what they want to invest in and what they want to achieve for years to come. Passenger Focus believes that these must reflect both the existing and future levels of growth and crowding.

b) What changes should be made to reduce the net cost of the rail industry and release funds for enhancement of the network.

The Future of Rail White Paper (2005) identified five clear weaknesses in the structure of the rail industry:

- a complex and confusing public-sector structure, with too many over-lapping responsibilities and no clear command of strategy
- a regulatory system and contractual structure which do not give the Government direct control of the level of public funding for the railways
- an over-complex private sector structure, with Government often far removed from the impact of the decisions that it takes

¹⁷ Passenger Focus. Passenger Requirements of Rail Fares. July 2006

¹⁸ DfT. Public experiences of and attitudes towards rail travel. September 2006

¹⁹ Passenger Focus. Encouraging edge of morning peak travel' . October 2006



- a relationship between track and train companies based on false and sometimes perverse market incentives, that in many cases do not reflect customers' needs.
- a lack of operational leadership in the private sector, with no one clearly accountable for the delivery of improved performance and reliability.

This was consistent with research conducted by the Rail Passengers Council (Passenger Focus's predecessor body) in 2004 - 'Putting passengers at the heart of rail services'. This found that passengers were frustrated with the existing system and the level of service it delivered. Passengers wanted to see changes to the system but felt that any review must not become a distraction or an excuse in itself and that change must be communicated to passengers and phased in gradually - it was not worth throwing everything up into the air yet again to make only modest improvements some way into the future. Another central theme of the research was the sense that no-one took overall responsibility for the future of the railway and that this led to a short-term, buck-passing culture.

Passenger Focus believes that these structural failings have all, to some extent, contributed to a structure that has enabled costs to increase disproportionately. An indication of the scale of the problem can be seen in the following figures: in 2001/2 it cost approximately 25% more to replace a section of straight level track than it did in 1999²⁰. Further examples can be seen in the somewhat torturous history of the West Coast Main Line upgrade project. The net effect of all this was that some of the increased investment in rail was needed just to 'stand-still' rather than to enhance services.

The White Paper also concluded that the attempt to establish a commercial market between TOCs and Network Rail had failed. The nature of the industry meant that the access charges paid by train companies bore little relation to the specific costs that they impose upon Network Rail. There was no real commercial market between the train companies and Network Rail, and no real customer-client relationship as both are largely funded by the Government. Moreover, the train companies' franchise contracts with Government insulated them against any rise or fall in the access charge. This meant that the access charge regime had not effectively encouraged either Network Rail or the train companies to control costs.

The industry has, of course, looked to address these short-comings. Network Rail has become much more cost-efficient and increasingly stronger regulatory targets will ensure that this continues. Positive examples include bringing maintenance work back in-house rather than using a network of sub-contractors and re-introducing a greater vigour to investment/business planning processes. Costs are, though, still too high and there is plenty of scope for further cost efficiencies.

Other structural solutions proposed by the White Paper have since been implemented or are in the process of being so (e.g. altering the contractual relationship between TOCs and Network

²⁰ Network Rail analysis, figure 3 SRA strategic plan 2003



Rail within the Network Code and reviewing the effectiveness of incentive regimes). It is too early to assess the effectiveness of these initiatives.

Passenger Focus also welcomes the ongoing investigation into the cost of so called 'second-hand rolling stock'. Such issues are of great relevance to passengers as higher than necessary lease charges reduce the amount of money available for investment elsewhere and will ultimately be passed back to passengers in the form of higher fares. Yet we know through research and through the National Passenger Survey that passengers already feel that they do not receive value for money.

Failure in the rolling stock market also contributes to overcrowding – either as a consequence of additional stock simply not being available or through the prohibitive cost of leasing it. This is at a time when there are numerous examples of overcrowding on routes served by two-or-three car length trains. For example:

- Transpenine Express class 175 services that turn up as two-car units in the peaks, e.g. the 16.27 from Manchester International Airport to Barrow is full and standing from Manchester Piccadilly if it is a two-car service. Ditto Arriva Trains Wales's service to Chester/Llandudno.
- Overcrowded two-car trains in the Manchester area at peak times.
- Research in 2004 (The Main Line They Couldn't ignore – Rail Passengers Committee) revealed evidence of overcrowding on the morning and evening peaks on South Coast to Bristol and South Wales routes - leading to Ministerial intervention to secure strengthened train sets.
- Recent Passenger Focus research has also identified overcrowding in peak periods on cross-Bristol services, especially those between Worle and Bristol Temple Meads. The same research also highlights cases of passengers being unable to board two-car trains because of overcrowding.

We understand the argument advanced by Rolling Stock Leasing Companies (ROSCOs) about the residual risk involved in being left with a train than no-one wants to lease. Indeed, we have supported the concept of longer franchise terms and/or the use of Section 54 (1993 Railways Act) undertakings whereby the Government provides guarantees that reduce this element of risk and, hence, the lease cost of such stock.

However, we must question whether this element of risk is being over-played in the first place. Differences in power supply, the need for individual route clearance, and the different characteristics of the market (i.e. commuter, long-distance and regional) mean that rolling stock in Great Britain is not fully interchangeable: you cannot simply substitute one type of unit for another. Additionally not all ROSCOs currently lease all types of trains. Therefore, if a TOC is looking for extra provision of a particular type then do they have a genuine choice of supplier? The effect of all of this, therefore, is to limit the potential for competition in rolling stock provision and make it more unlikely that a ROSCO will be 'stuck' with an asset it cannot lease. A bigger pool of stock with greater inter-operability in terms of where it could run and standardisation of



design could help to promote the benefits of competition and enable TOCs to be more responsive to demand.

We hope that our comments are of value and would be happy to discuss them in more detail should you so wish.

Yours sincerely

Anthony Smith
Chief Executive