Evidence to the Transport Committee inquiry on

High Speed Rail

Introduction

1. Passenger Focus[1], the independent national rail consumer watchdog, welcomes the opportunity to respond to the Committee's inquiry into High Speed Rail. Our response takes a passenger centric approach to HS2 and concentrates on the impact of the scheme on passengers rather than the economic and technical analysis behind the business case.

The case for capacity

2. As part of its input into the original High Level Output Statement (HLOS) Passenger Focus commissioned research[2] into passenger priorities for improvement. Around 4000 passengers were asked to rank 30 different aspects of rail travel. The top ten priorities for improvement – in order of importance – were as follows:

Rank	Rail Service Attribute (30 in total)
1	Price of train tickets offer excellent value for money
2	Sufficient train services at times I use the train
3	At least 19 out of 20 trains arrive on time
4	Passengers are always able to get a seat on the train
5	Company keeps passengers informed if train delays
6	Maximum queue time no more than 2 mins to purchase tickets
7	Information on train times/platforms accurate and available
8	Trains are consistently well maintained/in excellent condition
9	Seating area on the train is very comfortable
10	Passengers experience a high level of security on the train

3. In January/February 2011, Passenger Focus carried out new research throughout the West Coast Mainline franchise operating area to identify what passengers wanted the

[1] Passenger Focus is the operating name of the Rail Passengers Council.
[2] Rail Passengers' Priorities for Improvements, Passenger Focus, April 2007.

new franchise (beginning April 2012) to deliver. Just under 4500 passengers were asked to rank different aspects of rail travel. The table below shows the top ten priorities for the train company as a whole. It also shows the relative importance of each attribute – the higher the score the greater priority passengers assign to that service aspect, with scores over 125 being particularly important.

Virgin Trains (Whole TOC)	Priorities for improvement: rank order	Priorities for improvement: indices
Value for money for price of ticket	1	246
Punctuality / reliability of the train	2	203
Being able to get a seat on the train	3	187
Length of time the journey was scheduled to take (speed)	4	139
Upkeep/repair and cleanliness of the train	5	108
Frequency of trains for this route	6	96
Provision of information during times of disruption	7	76
Personal security while on board the train	8	70
Personal security at the station	9	59
Ease of buying a ticket	10	57

4. Both our national and TOC specific research show the importance of the 'core product' itself – i.e. an affordable, reliable, frequent service with passengers being able to get a seat. Capacity is clearly one of the top priorities for improvement among existing passengers and, we believe, one of the major challenges facing rail in the coming years.

5. Network Rail's 'New Lines' study[3] looked at how best to solve the problem of growing demand for rail travel on the routes between Britain's cities. It looked at four main travel corridors:
   - London to Yorkshire, the North East and Scotland (e.g. Leeds, Newcastle, Edinburgh)
   - London to the East Midlands (e.g. Leicester, Sheffield)
   - London to West Midlands, North West and Scotland (e.g. Birmingham, Manchester, Glasgow)
   - London to the West (e.g. Bristol, Cardiff)

6. This study found that, despite all the investment to date, the route that will be become full first (by 2020) is the corridor to Birmingham and the North West. It recommended that the best solution was the building of a new railway line.

[3] Meeting the capacity challenge: The case for new lines. Network Rail http://www.networkrail.co.uk/documents/About%20us/New%20Lines%20Programme/5886_NewLineStudy_synopsis.pdf

7. The Route Utilisation Strategy (RUS) for the West Coast Main Line reached similar conclusions on demand growth on the route. It concluded that the route is nearly full to capacity and is already experiencing crowding – something that would only get worse as demand grew. For example, passenger demand for travel between London and Manchester was forecast to grow by as much as 61 per cent[4]. It recommended that a "continued programme of investment is essential to deal with the expected increase in passenger numbers and to help create a climate that allows the economy to grow and flourish."

8. DfT's own analysis[5] also gives priority to the main north-south inter-city routes out of London, beginning with the West Coast Main Line.

9. We believe that all these studies firmly establish the need for additional capacity and for this to focus, at least initially, on the West Coast route. There has been much debate about whether this could be delivered by upgrading existing infrastructure or whether it requires a new line and, moreover, whether any new line would need to be high-speed. From Passenger Focus's perspective it is the provision of additional capacity that is the key priority – the other decisions being driven more in terms of identifying the most efficient and beneficial mode of delivery.

10. To this end existing studies on how to deliver this additional capacity are consistent. Network Rail's new line study advocated a new line should be built and said that the strongest and best business case was made by making this new line capable of carrying high-speed trains. Likewise DfT's consultation document concludes that conventional speed lines would not offer the same value for money as high speed rail and would not be significantly cheaper to construct and operate.

11. Passenger Focus agrees with the conclusions regarding the need for a new line, not least given the difficulties of modernising an existing line. Passengers know from hard earned experience that this will just mean a decade of disruption and engineering possessions while, for its part, the industry will lose valuable revenue at weekends and Bank Holidays. Virgin, for instance, has reported significant growth in demand in weekend travel since modernisation work ceased. The question of speed is, as mentioned, less of an issue for us and we must be guided by the detailed analysis provided by the experts which indicates that the best all round business case is achieved by building the new route with high speed capabilities.

Capturing the passenger benefits

12. A new railway line also provides a once-in-a-generation chance to improve services – not just in terms of additional capacity in its own right but by rationalising services on

[4] West Coast Route Utilisation Strategy consultation. Network Rail. 2010.
[5] High Speed Rail : Investing in Britain's Future. DfT. February 2011

existing routes. Passenger Focus believes that this aspect has not always come across in the debate on the merits of the proposed High Speed line - the perception being that unless it stops in 'my area' it brings no benefit whereas in fact it may allow the existing conventional line to provide a better all round service (e.g. in terms of greater regional or local connectivity). We believe, however, that any debate on what to do with capacity released on conventional lines must be based on what passengers want from their railway. We are keen that these questions are explored further and will be working with Network Rail and the DfT on research designed to establish passengers' priorities.

14. We have also consistently argued that any new line must not divert funding and attention from 'today's' railway. Getting a seat can already pose a problem for many passengers travelling during peak times on busy lines. Recent announcements on new trains and improved infrastructure are very welcome and it is important that these be introduced as quickly and efficiently as possible. Longer term it will be important to ensure that spending on the new line does not squeeze out additional investment in the rest of the network.

Demand Management

15. The Transport Committee asks about the pros and cons of managing demand for rail travel through price rather than supply. There are many within the rail industry who argue that the best way of boosting revenue from fares is to simply put them up; and that removing fare regulation and moving to airline style pricing models allows better utilisation of capacity (particularly during the 'shoulder peak' period). We believe this misses two fundamental issues: rail passengers are often 'captive consumers' and railways are not airlines.

16. There are a number of groups for whom the train is effectively a monopoly service. People travelling into central London often have no practical option but to take the train because some parking restrictions and congestion in London make it extremely difficult to drive. There are many people (e.g. elderly people) who might feel unable to drive longer distances and so the train is their only practical option. Similarly many have no access to a car, often because they cannot afford the fixed costs of owning a car.

17. The presence of many consumers unable to respond to by switching supplier (constrained consumers) means that train companies can maximise their profits by setting their fares at a higher level than if the market consisted only of consumers with other options. Where competition within an industry is insufficient to control price then it is important that the market is regulated to stop captive consumers being exploited.

18. In a truly competitive market, new companies can enter a market and compete with existing suppliers, providing a brake on existing suppliers' ability to increase prices. In the case of rail, it is rare for new suppliers to enter the market – on most routes the train company is a monopoly provider of rail services. Sometimes it is argued that road is an adequate competitor. However on many longer distance flows, rail is substantially

quicker so the train company only faces competition from an inferior product. So this is not a market where supply can expand to meet demand.

19. In addition research by Passenger Focus in 2009[6] showed that Great Britain benefits from some of the most frequent services in Europe. The benefits of this are lost if you are tied to a specific train. Turn-up-and-go frequencies do not align themselves well to airline style book-ahead restrictions. Not everyone is able, or wants, to plan their precise train journey weeks or days in advance.

20. Another element identified by the research was the high price passengers pay for flexibility in their travel plans. Our European comparison showed that long distance travel in Britain can be cheaper than anywhere else, but in return passengers have zero flexibility – the ticket is for one train, and one train only. At the other end of the spectrum, the price of complete flexibility is very high compared with other countries. The price of flexibility is high – up to 10 times higher than the cheapest 'one train only' ticket on some routes.

21. Flexibility was also an issue raised in research[7] among business passengers. The high price of flexibility within the ticketing structure, for example to allow for a meeting that overruns by 30 minutes, was cited as a particular problem for businesses.

Passenger Focus	*Telephone:*	0300 123 0860
One Drummond Gate	*Website:*	www.passengerfocus.org.uk
Pimlico		
London SW1V 2QY		

[6] Fares and Ticketing Study. Passenger Focus. 2009
[7] Employers' business travel needs from rail. Passenger Focus. February 2009.