

Rail Delivery Group

Response to:

Department for Transport

Consultation on the future of the East Midlands rail franchise

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Type: Business representative organisation

The Rail Delivery Group (RDG) brings together Network Rail, passenger and freight train operating companies and the railway supply chain. The purpose of the RDG is to enable Network Rail and passenger and freight train operating companies to succeed by delivering better services for their customers. Ultimately this benefits taxpayers, passengers and the wider economy. We aim to meet the needs of:

- our members, by enabling them to deliver better outcomes for customers and the country;
- government and regulators, by developing strategy, informing policy and confronting difficult decisions on choices; and
- rail and non-rail users, by improving customer experience and building public trust.

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1. Overview

1.1. The Rail Delivery Group (RDG) welcomes the opportunity to respond to the consultation on the future of the East Midlands rail franchise. Our response has been developed with input from the RDG Passenger Services Strategy Group, which provides feedback on franchise specifications and contract design.

1.2. Our response is intended to supplement our wider engagement on the East Midlands rail franchise competition and our broader work on franchise design. Therefore, we have responded to those questions where RDG members can add the most value. Those questions are: 1, 2, 20, 21, 22, 23, 24, 29 and 30, as set out by DfT in the consultation document.¹

1.3. The key points of the RDG's response are as follows:

- The East Midlands rail franchise should reflect developments in the understanding, measurement and delivery of customer experience, this could be through the use of the 'customer promises' and The Customer Heartbeat™, as developed with the industry by RDG;
- An agile approach to fares and ticketing, which builds trust in the industry, improves simplicity and choice for customers and delivers better journeys for passengers; and
- A franchise proposition which enables effective collaboration between the infrastructure manager (Network Rail) and the train operator through the alignment of incentives for the benefit of the customer.

2. Aims for the franchise (Chapter 6)

Question 1: How do you think closer co-operation between staff in Network Rail and the operator of the next East Midlands franchise can be achieved?

2.1. RDG supports closer collaborative working between infrastructure provider and the train operator.

2.2. **Recommendation:** RDG supports greater alignment between track access agreements and Franchise Agreements, there should also be close alignment of targets.

Question 2: How can the operator of the next East Midlands franchise engage with community rail partnerships or heritage railways to support the local economy to stimulate demand for rail services in the region?

2.3. Community Rail Partnerships (CRPs) have proven successful in generating passenger demand growth across the rail network as a whole: there has been a 2.8% additional growth per annum on community rail routes, compared to other routes since 2006/07.²

2.4. **Recommendation:** to sustain this success, in the next East Midlands franchise, RDG encourages the Department to continue to support CRPs through the Station and Community Development Plan mechanism or similar. The Department should incentivise the operator through the franchise specification where appropriate to ensure the

¹https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/630614/east-midlands-rail-franchise-public-consultation.pdf.

² *The Value of Community Rail Partnerships and The Value of Community Rail Volunteering*, National Community Rail Development Implementation Steering Group (January 2015), viii.

community outcomes being sought through the franchise are met. Beyond this, the Department may wish to consider the level of support required for CRPs on the franchise and agree this with the operator.

3. Options for improvement (Chapter 7)

Question 20: How can we improve all aspects of your door-to-door journey experience?

- 3.1. During the next East Midlands rail franchise, RDG would like to see improvements in the understanding, measurement and delivery of customer experience.
- 3.2. The National Rail Passenger Survey (NRPS), undertaken by Transport Focus on behalf of the rail industry is an important measure which operators use to assess areas of priority for improving customer experience. NRPS results for the East Midlands rail franchise consistently identify 'price of train ticket offers better value for money' as the top priority for customers using this franchise. RDG has worked closely with Transport Focus to optimise the tool for use by rail operators.
- 3.3. RDG advocates the importance of understanding customer expectations, needs and priorities and has developed a means of measuring these at each stage of the journey. As a result, we can demonstrate what customers' expectations and desires are. This enables us to prioritise work in the areas that will deliver better journeys for passengers and an improved customer rail experience.
- 3.4. This approach, which is underpinned by five 'customer promises' (see Appendix 1), is The Customer Heartbeat™ (see Appendix 2). These promises give a consistent way of focusing the industry's efforts for future delivery. The 'customer promises' are:
 - Put the customer *in control*;
 - Let the customer *travel my way*;
 - Enable the customer to be *always on*;
 - Give the customer *clear value*;
 - Ensure that the customer is always *feeling loved*.
- 3.5. The Customer Heartbeat™ is a tool which maps 108 segments or 'touchpoints' of a rail journey and helps us to understand where the service we provide does not yet meet customer expectations. We have appointed 'Customer Champions' who will be responsible for implementing improvements in each of these areas and will directly liaise with TOCs to achieve this. We will also be supporting the industry with an innovation team, which will make us collectively more responsive to the expectations of passengers. All this work is focused on ensuring that the industry is delivering what passengers want.
- 3.6. **Recommendation:** promote the use of The Customer Heartbeat™ tool to help the operator and Network Rail to develop a more detailed understanding of customer evolving needs over the life of this franchise.
- 3.7. We would also encourage DfT to follow the RDG Visions for Stations principle 3, which calls for a 'seamless journey experience' that 'ensures stations are fully integrated with rail services and onward travel modes (including walk, cycle, bus, car, tube, transit, metro, air, ferry or ship)³. This has the potential to sustain rail passenger growth and drive customer satisfaction.

³ [Vision for Stations: Nine principles for the future of Britain's stations](#), RDG (October 2015), p10.

3.8. **Recommendation:** Engage with the many passengers, particularly commuters, who are willing to change mode in favour of cheaper, quicker and more convenient access. Develop and implement Station Travel Plans to work with local authorities in encouraging more passengers to walk & cycle to the station.

Question 21: What more could be done to improve access to, and provide facilities at stations, including for those with disabilities or additional needs?

3.9. We recognise that customers are at the heart of everything we do and that we should understand how their needs vary depending on their journey, their personal circumstances and preferences. The RDG Vision for Stations states that stations should be, 'inclusive so that everyone can use them (including disabled people), thereby going beyond the minimum standards set out in the Equality Act's public-sector equality duty (2010).'⁴

3.10. **Recommendation:** in the next East Midlands rail franchise, RDG would like to see the continued investment in the development of an inclusive railway, with well-defined and appropriate interventions that support customers throughout their end-to-end journey, tailored to meet their specific needs. RDG and the rail industry are seeking to remove the 'label' of accessibility by ensuring requirements for all customers are considered from the inception of all projects and programmes. The approach is guided by four key principles:

- A phased, improvement plan, clearly informed by insight;
- 'Inclusive' design principles embedded in Digital, Retail and Ticketing, Fares and Information Strategies;
- Close working and early collaboration with key stakeholders and customer groups; and
- Clear evidence of both customer and demand benefits to support any required investment.

3.11. **Recommendation:** investment priorities should focus on:

- Improving the information related to how accessible station and on-train facilities are;
- Shifting the dialogue towards how accessible rail journeys are, not focusing on stations;
- Making it easier for customers to understand IF and HOW to travel;
- Enhancing the ways through which assistance is booked and provided on the day, creating an 'end to end' chain of care throughout the customer's journey, not just at stations; and
- Progressively increasing our provision of *Turn Up and Go*, improving the ease with which customers can more simply turn up and board our trains and navigate our stations.
- This approach should also take into account the fact that some stations are unstaffed and be reflected accordingly

3.12. The specification of the East Midlands rail franchise, therefore, has the potential to change the way that accessibility and facilities provision is delivered, not just within and around stations but for the entire customer journey. RDG encourages the Department to work with industry to embed this approach to not only deliver better journeys but ensure more customers have access and, therefore, connectivity to opportunities, both for work and leisure.

⁴ [Vision for Stations](#), RDG (October 2015), p13.

Question 22: How could the next franchise operator make better use of stations for community and commercial purposes?

- 3.13. RDG welcomes the focus given to the community and commercial benefits of stations in this consultation. Stations are not only gateways to the National Rail network, but also windows to the communities they serve, creating opportunities across Britain and building the national economy.
- 3.14. In recent years, stations have gained profile and increased interest from parties beyond the railway.⁵ Through the RDG Station Strategy Group (a senior-level forum dedicated to stations) the industry has worked together to better understand, encapsulate and communicate the value of stations and the benefits of investing in them. We have now developed a six-point plan which we would encourage the Department to reflect on and adopt.
- 3.15. **Recommendation:** for the next East Midlands rail franchise, RDG would expect to see DfT, together with the franchise operator and Network Rail, adopt a six-point plan to maximise the use of stations for community and commercial purposes within the franchise remit:
1. *Purpose:* be clear about the role the station should play in the local community. The East Midlands franchise has operational responsibilities for almost 90 stations, with a mixture of small, medium and large stations in scope. The RDG *Visions for Stations* provides an effective methodology for assessing how to prioritise the purpose of each station and ensuring that the expected outcomes to reflect local community needs are achieved.⁶
 2. *Beneficiaries:* linked closely with point 1, align the benefits of a better station with those who will gain the most from it. Having a better understanding about the full breadth of a stations customers will maximise the gains achieved from station development. These could be employees in key local industries or businesses, shoppers or tourists.
 3. *Masterplanning:* Go beyond the 'red line' and plan improvements to the area around the station at the same time. This ensures that stations fulfil their potential by helping to deliver other local socio-economic drivers, such as facilitating integrated travel, encouraging housebuilding, improving air quality and enabling economic growth.
 4. *Partnership:* Be clear about who is delivering what. The success of stations is forged by shared effort and ambition. Therefore, the rail industry should look to LEPs, LAs, developers and others who have a better understanding of business and community needs.
 5. *Local Leadership:* work with the leadership of the local authority as part of any plans. Local authorities have a key role to play in station development and their buy-in is necessary to drive change.
 6. *Shared industry know-how:* The rail industry should provide advice and help to support other stakeholders through successful schemes. Network Rail and train operators have a wealth of experience to assist third parties in navigating the contractual and regulatory framework necessary for station schemes to succeed.

⁵ *Value of Stations Investment: Research on Regenerative Impacts* (November 2011), Network Rail.

⁶ See principle 4 https://www.raildeliverygroup.com/files/Publications/2015-10_vision_for_stations.pdf.

Question 23: What could be done to improve the way tickets are sold and provided?

- 3.16. We recognise that the present fares and ticketing structure falls short of customer expectations in several areas, and the new franchise represents an opportunity to drive innovative change in this area. The East Midlands franchise is an Intercity operator with some regionally important services and is well suited to delivering ticketing in a digital format that would allow customers freedom and flexibility to manage their purchase and travel in their preferred format.
- 3.17. We would strongly encourage the review of the current legacy fares regulation with a view to ensuring that any price capping is compatible with a system that combine single and multiple journeys.
- 3.18. These initiatives link with and support the current RDG retailing vision, which seeks to enable customers to have tickets linked to a range of devices, including smartphones and bank cards without the need to print out or collect tickets. Our approach to fares, if implemented, would improve customer experience and it would allow innovation in flexible products/price structures for the season ticket market, including serving part-time and shift workers much better than is currently the case. This would drive forward digital ticketing innovation in line with the RDG retailing vision.
- 3.19. **Recommendation:** We would expect the East Midlands rail franchise to reflect the full range of current industry initiatives in fares and ticketing and would cite specifically the Action Plan on Fares and Ticketing (December 2016) which highlights several areas of improvement that the industry is committed to in this area.

Question 24: What changes to the fares structure would be of benefit to you?

See our response to question 23.

4. Our vision for the future (Chapter 8)

Question 29: How do you think more investment might be put into the railways to match money already coming from government through Network Rail?

- 4.1. In addition to our comments on stations investment set out above, RDG welcomes the focus of this consultation on attracting third party investment into the railway and benefits to rail passengers and other customers can be realised as a result. The recently published Hansford Review makes a number of recommendations on contestability, third party investment and infrastructure delivery on the national railway. RDG together with the rail industry will work with Network Rail to support the recommendations outlined in the report. We encourage the Department to work collaboratively with industry to consider how the recommendations of the Hansford Review can be applied to the future East Midlands franchise specification. RDG has also commissioned some further work to establish a functioning market for private sector investment in new railway infrastructure led by train operators. We will share the results of this work with the DfT.

Question 30: Are there any other areas that you think it is important for us to consider that have not already been discussed in this consultation?

4.2. RDG welcomes the attention given to rolling stock within the consultation document.

4.3. Recommendation: in the next East Midlands rail franchise, RDG would like to see continued support for new rolling stock for both intercity and regional services. This should be delivered in a way which is efficient and affordable for government, industry and the supply chain.

4.4. The *Long-Term Passenger Rolling Stock Strategy for the Rail Industry* is forecasting an increase of the national fleet between 41% and 89% over the next 30 years. The proportion of electric vehicles (including bi-modes) is forecasted to rise to over 85% by 2034, and the analysis indicates that between 11,000 and 16,000 new electric vehicles will be required over the 30 years to 2046.⁷

4.5. Bi-mode vehicles for the UK market are now being built for both 125 mph intercity services and 100 mph regional services, for six train operators. With a large number of new vehicles now committed for delivery, the introduction of bi-mode trains could unlock a raft of passenger benefits in terms of capacity, punctuality, reliability, passenger facilities and the environment.

5. Conclusion

5.1. The RDG welcomes the approach taken by DfT to the East Midlands rail franchise. It is important that the customer is placed at the heart of the franchise specification.

5.2. RDG has a range of resources which can be used to assist this such as our customer promises and The Customer Heartbeat™ and we would encourage closer collaboration between the train operator and the infrastructure manager.

⁷ [Long Term Passenger Rolling Stock Strategy for the Rail Industry, Fifth Edition](#) (March 2017), Rail Delivery Group.

Appendix 1

The Customer Promises

<p>Put the Customer IN CONTROL</p> 	<p>Let the Customer TRAVEL MY WAY</p> 	<p>Enable the customer to be ALWAYS ON</p> 	<p>Give the Customer CLEAR VALUE</p> 	<p>Ensure that the customer is always FEELING LOVED</p> 
<p>"I always know what's happening before, during, after my journey so I can make informed choices & decisions"</p>	<p>"The train company understands and appreciates me, offering me services that meet my individual needs"</p>	<p>"My train journey keeps me connected from one part of my life so that it's not interrupted"</p>	<p>"It's clear what I'm getting from my money and I feel that pricing is straightforward"</p>	<p>"I feel the train company values my custom and recognises my loyalty"</p>

Appendix 2 The Customer Heartbeat™

CURRENT JOURNEY - RAIL INDUSTRY

