

Rail Delivery Group

Response to:

Department for Transport

Great Western Rail Franchise Public Consultation

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Organisation: Rail Delivery Group

Address: 200 Aldersgate Street, London EC1A 4HD

Type: Business representative organisation

Introduction: The Rail Delivery Group (RDG) brings together passenger train operators, freight train operators, as well as Network Rail; and together with the rail supply industry, the rail industry – a partnership of the public and private sectors - is working with a plan *In Partnership for Britain's Prosperity*¹ to change, improve and secure prosperity in Britain now and in the future. The RDG provides services to enable its members to succeed in transforming and delivering a successful railway to the benefit of customers, the taxpayer and the UK's economy. In addition, the RDG provides support and gives a voice to passenger and freight operators, as well as delivering important national ticketing, information and reservation services for passengers and staff. taxpayers and the 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 *In Partnership for Britain's Prosperity*, RDG (October 2017):
<http://www.britainrunsonrail.co.uk/files/docs/one-plan.pdf>

Overview

RDG welcomes the opportunity to respond to this Department for Transport (DfT) consultation on the future of the Great Western rail franchise. We have responded to questions 1, 2, 4, 11, 12a, 13, 15, 16 and 18a. In addition, we have set out some broader points related to the key themes of the consultation.

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

- Consideration must be given to the full impacts of any structural changes to the shape of the franchise that are proposed for the next Great Western Rail Franchise.
- The Great Western 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;
- The DfT should take an agile approach to fares and ticketing, which builds customer trust in the industry, improves simplicity and choice for customers and delivers better journeys for passengers;
- The DfT should ensure that the franchise proposition promotes effective collaboration between the infrastructure manager (Network Rail) and the train operator through the alignment of incentives and targets; and
- Franchise specifications should be focused on high level outcomes to allow the market to innovate and allow all parties to work in partnership to deliver for the taxpayer and the customer.

Objectives for the next Great Western rail franchise (Q1)

RDG fully supports the objectives for the Great Western franchise as set out in the public consultation. These align with our partnership railway commitments as set out in our plan In Partnership for Britain's Prosperity, which are:

- strengthen the railway's contribution to the economy, keeping running costs in the black, freeing up taxpayers' money;
- increase customer satisfaction by improving the railway to remain top-rated major railway in Europe;
- boost local communities through localised decision-making and investment;
- create more jobs, increase diversity and provide our employees with rewarding careers.

1b) Are there any priorities you would change or add, and if so why?

Consideration should be given to the prioritisation of these objectives and we would encourage the funder in collaboration with stakeholders and customers to consider which are the most important objectives to maximise the benefits the railway can deliver to the social and economic success of this region.

Structural choices for the next rail franchise (Q2)

The next Great Western rail franchise should be created to best meet objectives the government is seeking from the railway and, therefore, the shape and size of that franchise is a decision for Government. However, if the Government is minded to change the shape of the franchise, which could include creating smaller franchises, careful consideration should be given to the impact of changes and potential costs. These should not necessarily be barriers to change, but should be considered as pragmatic steps to ensure that change is managed well. Therefore, DfT, if changing the shape or size of the franchise, should:

- Ensure that there is no loss of customer benefit or services as a result of separation;
- Minimise whole industry costs to protect cost exposure to the taxpayer and fare-payer interests;
- Operate any newly-formed 'smaller franchises' in shadow form for sufficient time to ensure that DfT and the market have the necessary information on the new franchises prior to commencing the procurement process (e.g. as with the West Midlands rail franchise, with a separable business unit being carved out during the franchise term);
- Understand the full resource complexity from making business change decisions;
- Be fully aware of the impact on pension costs;
- Stagger franchise procurements to ensure full market is exploited. If the Government decides to let two or more rail franchises which cover the current Great Western rail franchise, this should be done with a sufficient gap between procurements to maximise interest from bidders. Therefore, we would not wish the procurements to run concurrently;
- Establish a cross-industry programme to manage the separation of franchise elements.

Working together (Q4)

We would support a franchise specification which encourages collaboration between infrastructure provider and the train operator. RDG supports greater alignment between track access agreements and Franchise Agreements, particularly where targets are concerned. Greater coordination and collaboration would enable optimization of use of the network and improved performance. Passenger and freight benefits in the form of extra capacity and performance improvements could be unlocked on the Great Western route through whole-industry collaboration in the implementation of Digital Railway schemes, such as Traffic Management.

Role of Freight (Q11)

The Western Route is the second busiest freight route into London with six operators transporting 11 million tonnes of freight every year. The economic benefits of all UK rail freight is valued at £1.6 billion annually.

Freight customer demand is expected to increase in the medium and long-term. The 2015 Network Rail Western Route Study forecast a 43% increase in demand of container traffic freight growth by 2043². From 2019 to 2024, Network Rail's Western Route Strategic Business Plan (SBP), sets out ambitions to deliver:

- 10% of the UK's coal
- 25% of the UK's aviation fuel; and
- 600,000 motor vehicles annually.

The SBP also identifies other specific opportunities for freight growth within the route. Balancing demand for capacity between increased passenger flows and freight traffic, within the franchise specification is a considerable challenge.

To meet this challenge, the industry is collaborating through the Network Rail route, the Freight and National Passenger Operator (FNPO) route and the System Operator, together with freight operators.

Together the industry will deliver infrastructure and technology interventions which will enhance the capacity and performance of the Western route.

We would encourage the DfT to engage with freight operators early to explore how the freight needs set out in the Western Route SBP and plan how they can be best supported in the franchise specification.

Rolling Stock (Q12)

In the next Great Western rail franchise, RDG supports a rolling stock strategy that meets the needs of the markets it serves, this could include investment in new rolling stock for both intercity and regional services. This should be specified, procured and delivered in a way which is efficient and affordable for government, industry and the supply chain and meets passenger expectations - we would encourage DfT to let the market lead on new train procurement as this represents the best value for taxpayers.

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. We also note the government's objective of removing diesel traction by 2040.³ Bi-mode vehicles for the UK market are now being built for both 125 mph intercity services and 100 mph regional services, for train operators including the current Great Western rail franchise.

² Western Route Study, Network Rail 2015 <https://cdn.networkrail.co.uk/wp-content/uploads/2016/11/Western-Route-Study-Final-1.pdf>

Station and journey priorities (Q14)

Customers (freight users and passengers) are at the heart of everything we do and we should understand how their needs vary depending on their journey, their personal circumstances and preferences.

The [RDG Vision for Stations](#) outlines nine principles of good station design for Britain's Railway stations, principle one of which is that they should be customer-focused. While acknowledging differences, 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)."³

We would also encourage DfT to consider the RDG Visions for Stations principle three, 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)⁴. This has the potential to sustain rail passenger growth and drive customer satisfaction.

Further, RDG sees the franchise specification as an opportunity to develop a fully inclusive railway, with well-defined and appropriate interventions that support customers through their end-to-end journey, tailored to meet their specific needs. As such, we along with the rail industry and 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) A phased, improvement plan, clearly informed by insight;
- b) 'Inclusive' design principles embedded in Digital, Retail, Ticketing, Fares & Information Strategies;
- c) Close working and early collaboration with key stakeholders and customer groups; and
- d) Clear evidence of both customer and demand benefits to support any required investment.

In terms of investment priorities should focus on:

- a) Improving the information related to how accessible station and on-train facilities are;
- b) Shifting the dialogue towards how accessible journeys are, not just stations;
- c) Making it easier for customers to understand IF and HOW to travel;
- d) 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
- e) 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.

³ [Vision for Stations: Nine principles for the future of Britain's stations](#), RDG (October 2015), p13.

⁴ [Vision for Stations: Nine principles for the future of Britain's stations](#), RDG (October 2015), p10.

For the next Great Western 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 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.⁵
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 See principle 4 https://www.raildeliverygroup.com/files/Publications/2015-10_vision_for_stations.pdf.

Fares and ticketing (Q15)

We recognise that many customers find getting the best fare for their journey complicated. As such, the industry is working with the DfT to simplify this so that customers can have confidence in buying the right ticket for them. The fares and ticketing policy for this franchise should seek to remove outdated fares regulation, and allow the franchisee sufficient freedom to innovate in meeting customer expectations in this area. The franchise specifiers need to provide sufficient space for the operator to facilitate changes to the current fares regulation, set out through the Ticketing and Settlement Agreement (TSA). By facilitating changes this can remove major obstacles in ensuring every customer finds the right fare for their journey.

More broadly, the franchise specification should be aligned to the RDG retailing vision, which aims to provide customers with an easy-to-understand and convenient-to-use ticketing proposition. The RDG retailing vision is to enable passengers to have tickets linked to a range of devices, including their smartphones and bank cards, so that they can easily access their tickets and gain entry to trains, without the need to print out paper tickets if they wish. The future Great Western rail franchise operator should be incentivised to drive forward digital ticketing innovation that improves the customer experience in-line with the principles of the RDG retail vision, [a railway for the digital age](#).

In support of the retailing experience on the Great Western franchise any additional investment in station retailing equipment should follow the RDG's [Ticket Vending Machines: Design Guidelines](#). This document provides a set of design guidelines, which will improve the ticket purchasing experience for customers and reduce the risk of customers purchasing the wrong ticket.

Community Rail (Q16)

RDG welcomes the focus given to Community Rail. The rail network is a vital link for many communities, creating opportunities across Britain and building the national economy.

We believe that investment of money and time in stations can be of huge benefit to local community relations and outreach into the community. In recent years, stations have gained profile and increased interest from parties outside of the railway.⁶ 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 DfT to adopt.

Other Priorities (Q18)

During the next Great Western rail franchise, RDG would like to see improvements in the understanding and measurement of customer experience.

The National Rail Passenger Survey (NRPS), undertaken by Transport Focus on

⁶ [Value of Stations Investment: Research on Regenerative Impacts](#) (November 2011), Network Rail.

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 Great Western rail franchise consistently identifies 'punctuality and reliability of service' as the top priority for customers using this franchise.

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 are. This enables the industry to prioritise work in the areas that will deliver better journeys for passengers and an improved customer rail experience.

This approach is The Customer Heartbeat™, which is underpinned by five customer promises. 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***.

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 would recommend the future franchisee to 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.