

Written evidence submitted by the Rail Delivery Group (WBR 17)

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Background

The purpose of the Rail Delivery Group (RDG) is to enable Network Rail, train and freight operating companies to succeed by delivering better services to their customers. This ultimately benefits taxpayers and the economy.

RDG welcomes this opportunity to provide evidence to the Welsh Affairs Select Committee inquiry on the Wales and Borders rail franchise.

What standard of performance has been experienced under the current franchise?

Arriva Trains Wales (ATW) is the current franchised rail operator of the Wales and Borders franchise. ATW runs 955 train services every weekday, that is approximately 325,000 train services per annum. This level of service provision is 20% higher than the franchised contract obligation level of service and is operated at the cost and risk of ATW. There has been a 70% growth in passenger numbers since the franchise commenced in 2003. This growth in passenger numbers, as well as additional special events such as the Rugby World Cup can cause significant strain on the limited resources available.

ATW has achieved a passenger satisfaction rating of 82% in the Spring 2016 National Rail Passenger Survey (NRPS) conducted by Transport Focus, and this has risen since the start of the franchise from 79%. In particular passengers rated 'connections with other train services' 12 points higher than the start of the franchise term. Passengers also determined that the 'provision of information about train times & platforms at stations' had improved, achieving an 11-point increase (NRPS 2004-16).

The public performance measure (PPM) which measures the percentage of trains arriving at their destination on time has improved with a current moving annual average of 92% PPM, which has increased from 79% when the current franchise commenced.

The burden on the taxpayer has also reduced, with the annual subsidy declining by more than £40 million since the renewal of the franchise in 2003. This has occurred while the number of passenger journeys on the franchise has grown substantially.

What lessons can be learnt from the current franchise?

Plan for growth

When the current franchise was originally let, the rate of passenger growth (approx. 70%) was not foreseen. We expect that passenger growth will continue to rise, particularly around the main conurbations, and as such believe that the future franchise should be let on a basis that can respond to increasing demand.

Flexibility in franchise management

During the current franchise term, operated by Arriva Trains Wales, there has been investment both by the Government and the Operator, with approximately £35 million of investment from the Operator. This level of investment was not foreseen at the start of the franchise. RDG would recommend that there is sufficient flexibility in the next contract to enable additional investment to be made to meet changing demands.

Integration of services

The current franchise was let and managed by DfT as part of a wider network covering the whole of Great Britain. We note that with the specification and management of rail services being devolved to Cardiff, integration with the wider GB network needs to be maintained. This is particularly relevant for users in the border regions.

Balancing the level of financial risk transfer to the private sector

The Welsh Government will need to consider the level and nature of financial risk transfer to the private sector that it wishes to achieve through the franchising process. The Welsh Government will need to consider the outcomes achieved in the current Wales and Borders franchise. Recognising that for the next franchise, the more tightly specified the contract, and the more regulation imposed, the more constraint there will be on the ability to improve services for passengers and to lower overall franchise costs.

What improvements to rail passenger services should be expected under the next franchise?

There are a number of passenger outcomes set out below that the RDG would encourage the Welsh Government to consider as part of its specification process, to ensure the Wales and Borders franchise continues to meet the expectations of passengers, stakeholders and taxpayers.

Stations

In 2015 the RDG produced its 'Vision for Stations', which set out nine principles for the future of Britain's stations, one of which is to reflect local needs and opportunities. Stations are there to allow customers to get on and off trains, the key function needed by the rail industry, but equally they can create thriving spaces for local communities with retail, leisure and other amenities.

Community

Facilitating more active engagement of the local community; Community Rail, which involves local people working in partnership with the rail industry, has proven a successful concept, with almost 50 Community Rail Partnerships (CRPs), and the generation of passenger demand growth that has exceeded the averages for the regional sector and the network as a whole. The RDG strongly supports community rail partnerships.

Ticketing

The current franchisee has played an integral part in formulating the RDG ticketing vision, which aims to provide customers with an easy-to-understand and convenient-to-use ticketing proposition. The RDG ticketing vision is to move to a fully digitised 'ticket in the cloud', where passengers' tickets are 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 Wales and Borders franchise operator should be incentivised to drive forward digital ticketing innovation that improves the customer experience in line with the principles of the RDG ticketing vision.

Fares

We recognise that many customers find getting the best fare for their journey complicated, and the industry is working with the Government to simplify this; so that all customers can have confidence in buying the right ticket for them. The fares and ticketing policy for this franchise should align with the fares reform agenda the RDG has recently set out and allow the franchisee sufficient ability to meet customer expectations in this area. The reform needs to involve a thorough review of the current fares regulation.

Rolling Stock

The current average age of rolling stock in the Wales and Borders franchise is more than 27 years, this is higher than the national average. The Welsh Government will need to work collaboratively with the operator to ensure sufficient funding is available to meet the aspirations of customers and stakeholders regarding rolling stock. The Welsh Government will also need to work with the market to consider the vehicle accessibility standards applicable from 2020, these standards will impact the current rolling stock used on the Wales and Borders lines.

Working together

The RDG strongly supports the alignment of incentives between infrastructure provider (track provider, e.g. Network Rail) and operators (deliverer of the rail service, e.g. Arriva Trains Wales). Further benefits could be unlocked in Wales through aligning the outcomes of the track provider and the operator, for example performance targets.

How do the Welsh and UK Governments cooperate in deciding how rail passenger services in Wales should be run?

RDG strongly supports close working relationships between the Welsh and UK Governments to ensure that the services delivered by the Wales and Borders franchise remain part of an integrated network; providing the passenger with easy access to the rest of the rail network, as well as maintaining or enhancing the current level of cross-border services.

Co-operation will be needed between the Welsh and UK Government to determine how cross-border services that appropriately specified and managed to ensure that the Wales and Borders franchise services remain integrated into the wider network. We would recommend that there is clear understanding between the Welsh and UK Governments regarding the accountability of rail services and clarity for both the operator and the passenger.

We would recommend that the UK Government assists the Welsh Government by providing expertise and experience as it specifies and awards the next Wales and Border franchise given its expertise of rail franchising. This is particularly important as the Welsh Government are using a different procurement process from that used by the DfT and therefore the bidders, as well as the specifier, will be developing their knowledge as this procurement proceeds.

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