

# TravelWatch NORTHWEST

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***Winner of CILT award for best practice in passenger transport (2013)***

***promoting quality public transport.....***

Transport Committee  
 House of Commons  
 London SW1A 0AA

2<sup>nd</sup> June 2016

Dear Committee Members,

## **Rail Franchising**

1. TravelWatch NorthWest is an independent Community Interest Company representing all public transport users in North West England. We are pleased to give our views to this inquiry.

2. In January 2013 we submitted our views to the Committee on the Brown review of the rail franchising programme. In our introduction to that response we said the following -

2.1 “Our key view is that there is a need for a truly independent review of the whole franchising philosophy. Such a review should take a properly researched and considered view of whether the benefits of private enterprise within the tightly controlled franchising regime outweigh all of the costs of the fragmented rail industry that was set up by the 1993 Railways Act. Is there sufficient scope for private initiative to counter the economies of scale that a more homogeneous organisation would bring? Indeed could such initiatives have been equally achieved under a unified national company whether privately or publicly run?”

2.2 “The Committee is aware (HOCTC Rail 2020 report) of an increase in government support for the passenger railway compared with pre privatisation, despite passenger growth of 92% since privatisation. Cited reasons are increases in passenger train operating costs, extra cost associated with servicing Network Rail’s debt for new capital projects and additional rolling stock charges.”

2.3 “However it can be postulated that a tangled and expensive web of contractual and legal agreements is necessary to run such a fragmented system. One of the witnesses to the Committee’s Rail 2020 Inquiry put the view that the fragmented structure of the industry, as it was privatised, was not effective and the escalation of costs that has occurred in the industry since then has been a direct result of that structure. Accordingly we believe that it would be useful to look at the costs associated per se with the fragmented structure of the railway and its privately operated franchises.”

2.4 “For example the costs of franchising and the fragmented structuring has brought costs that might otherwise have been avoided and monies utilised for passenger benefits. Some examples are given below –

- Profits for each constituent railway organisation/ company
- Delay attribution costs
- Legal/ contractual costs
- Rolling stock leasing costs – do we need ROSCOs?
- Costs of regulation
- Branding & rebranding of rolling stock
- Rebranding of stations, staff uniforms, timetables
- Cost of the franchise bidding procedure
- Franchises create barriers of various kinds between TOCs for the passenger - not least in the attitude of TOCs to other TOCs connecting services, covering for cancelled services, ticketing, etc.”

2.5 We see no reason to change this view now.

***The extent to which the Department for Transport’s approach to rail franchising is achieving its key policy intentions of transferring financial risk to the private sector and promoting competition in the market, while at the same time improving rail passenger experience.***

3. Although not exactly appearing to be within the scope of this enquiry we wish to comment on the matter of how the scope of franchises is determined by the DfT.

4. We are particularly concerned about which routes are included in franchises (franchise mapping). We have recently seen how some routes were transferred from TPE to Northern, and in the future TPE will be running trains between Newcastle and Edinburgh.

5. A decision that was made in the past by the DfT is still very unpopular today at stations all the way from Carlisle to Crewe, namely the re-mapping of the Cross-Country franchise. Nowadays, apart from local services, the only possible destinations from stations between Crewe and Carlisle are London, Birmingham, Manchester, Glasgow and Edinburgh, whereas once these stations enjoyed through services to Aberdeen, Bournemouth, Bristol and beyond. At the time the Glaswegians complained about this change, and as a sop were given through services via Edinburgh and York, with considerably extended journey times.

6. Whilst the DfT pointed out at the time, probably correctly, that very few people travelled from Dundee to Penzance it ignored the large numbers who were able to use these trains from NW England to the South and South West without having to detrain in Wolverhampton or Birmingham. Indeed the through trains from the NW and Scotland to South and South West England were heavily used by holiday makers and families travelling with baggage and children - people to whom a change is far from simple. On top of the

inconvenience is the worry factor as to whether the connection will be missed - a big incentive to go by road. We recollect that a petition of over 40,000 signatures against the change was submitted at the time.

7. Getting to Bournemouth is not too bad, with a change at Wolverhampton, but other journeys involve changing at Birmingham New Street, which despite its rebuilding, is still a nightmare place to change trains. As is well known, passengers much prefer through trains and "visiting friends and relatives" is a big part of Cross-Country's market; many of these come with luggage, use trains infrequently and value through services highly.

8. The question makes reference to "improving rail passenger experience". It is difficult to show a causal effect between franchising and journey quality. It could be argued that such improvements that have been made in the years since privatisation could well have happened under an alternative regime. For many passengers services today show no marked improvement in quality.

***The extent to which the Department for Transport's approach to franchise bid evaluation strikes the right balance between cost, service quality and deliverability;***

9. As a passenger representative organisation service quality and deliverability are paramount and our comments in paragraph 2 are relevant to this.

***The Department for Transport's franchise management capability and capacity and its ability to cope with high levels of planned franchising activity in 2016 and 2017***

10. In our region we very much welcome the move to devolve franchise management to Rail North which will give a much better local control and investment. It appears that Rail North will also have a significant contribution to the West Coast franchise which is now being consulted on.

***The costs of bidding for franchises and the extent to which increasing costs may be dissuading new entrants to the market***

11. See 2.4 above.

***Actions which could be taken to encourage new entrants to the market***

12. No comment (see paragraph 2 above)

***The opportunities, risks and feasibility of a significant increase in Open Access Operators on the rail network***

13. The Competition and Markets Authority (CMA) seems to be fixated on rail-on-rail competition, when the real competition for rail comes from private cars, airlines and road coaches. Open access is likely to have a detrimental effect on the TOCs' revenue and therefore the taxpayer, and should only be granted

if a new market is served. If open access has a role, it should be to reach the parts of the network that the DfT-specified franchises do not reach. Grand Central and Hull Trains have succeeded because they offer a London service to large towns and cities not served or poorly served by the TOCs - Bradford, Halifax, Hull and Sunderland.

14. On the WCML we do welcome Alliance Rail's approved plan to introduce six return train services each day between Blackpool and Euston from 2018, again a market poorly served by the franchised operator (and not at all until recently). Opportunities for further expansion of open access are probably limited especially as routes not based on London are unlikely to offer a good enough business case.

***Practical recommendations to better manage the effects of rail infrastructure works on rail franchisees, including through improved coordination with Network Rail and better management of major infrastructure projects***

15. Our chief concern is the effect of rail infrastructure works on passengers' journeys. Improved co-ordination with Network Rail and other stakeholders is vital and will undoubtedly bring about better solutions.

16. We will always maintain that there should be as full a use as possible of diversionary routes in future planning as passengers prefer to keep on a train rather than a replacement bus even though this is likely to mean extended journey times. Where buses or coaches are used all customer facing staff, including bus drivers, should be trained in customer care, corporate responsibility and on the issues that they will face when being questioned by passengers. Sufficient staff should be available to deal with passenger needs and they should actively seek out passengers in need of help and direction, with particular regard to less mobile passengers.

Thank you for the opportunity to respond

Yours sincerely,

*John A Moorhouse*

John Moorhouse, Company Secretary