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Dear Anna

Periodic review, draft determination

Passenger Focus welcomes the Office of Rail Regulation's (ORR's) draft determination of Network Rail's outputs and funding for 2014-19, Control Period 5 (CP5). The draft determination gives focus in the key areas that matter to passengers, including train punctuality, cancellations, the ability to get a seat.¹ The emphasis on passenger involvement and passenger benefits is welcome – our 'Passenger Power' message.² It must be remembered that passengers now contribute a clear majority of industry revenue – their views matter. Clearly, increased Network Rail efficiency is important, although passengers will need assurance that it is genuine efficiency and quality will not suffer as costs are reduced. Passengers will, however, want to understand when *they* will see the benefits of greater efficiency, including a firm date for the end of above-inflation fare increases.

There are a number of areas of the draft determination where Passenger Focus wishes to comment. These are set out in the remainder of this letter.

Train performance outputs

Overwhelmingly, train punctuality is key to delivering improvements in passenger satisfaction. Passengers will be disappointed that only modest improvements in Public Performance Measure (PPM) will be delivered over the next five years, with no target for 'right time' punctuality (which we believe should be renamed 'on time') – the measure that really matters to

¹ Passengers' priorities for improvements in rail services, August 2010
http://www.passengerfocus.org.uk/media/f0f44dda1a6af4f3c8940c7623b57102d9783155/rail_priorities_for_improvement.pdf

² Giving passengers a voice in rail services, April 2013
<http://www.passengerfocus.org.uk/media/44a06795d41d816b52af9bda5d429731e58e10d8/passenger%20engagement%20with%20rail%20franchising%20April%202013.pdf>



them.³ Nevertheless, we welcome the intention that no franchised train company should exit CP5 with a PPM of under 90%. Bringing the underperformers up to an acceptable level is important, but so is ensuring that the good improve further and that nobody slips back.

Long distance performance

Passenger Focus is aware that a number of long-distance train companies have been questioning the relevance of a 90% PPM floor for their businesses, arguing for a more challenging Cancellations and Significant Lateness (CaSL) target. Analysis of the National Passenger Survey shows that passengers who travel infrequently tend to be less sensitive to small delays than daily commuters – and a high proportion of passengers using long-distance TOCs are less frequent travellers. That said, punctuality remains the largest driver of overall satisfaction among long-distance passengers and it must continue to have significant focus. Long-distance TOCs must not overlook that at certain times of the day they carry large numbers of commuters, for whom punctuality is key. Passenger Focus understands the desire of long-distance operators that Network Rail is properly incentivised to reduce the number of days when infrastructure failure or extreme weather causes a large number of cancellations and/or delays over 30 minutes late. Our challenge, however, is “Why should it be a trade off? Why can’t the industry be reasonably expected to deliver both?” – a high PPM and a low CaSL? Undoubtedly, focus is needed on reducing the number of ‘bad days’, but there still needs to be real drive to improve punctuality on other days. Therefore if ORR is minded to reduce the PPM target and have a tougher CaSL for some operators, we strongly recommend new CP5 ‘indicators’ showing the level of performance achieved on days without significant disruption – perhaps PPM, ‘right time’ and cancellations with the 5 worst days per period excluded? Finally, we would be concerned if variation from the proposed 90% floor reduced effort to further improve performance at any TOC where 90% is within reasonable reach or already exceeded.

CP5 performance indicators

We welcome the indicators listed in Table 3.2. However, in the final determination we encourage ORR to:

- Go further than service group in disaggregating PPM, ‘right time’, average lateness, CaSL and delay minutes. The passenger experience on two routes within a ‘service group’ can be very different. Disaggregating service groups to more closely align with passengers’ experience would give ‘indicators’ that expose underperforming lines that would otherwise be hidden in an average. For example, services like the Stourbridge Town and Cardiff Bay shuttles are known ‘inflators’ of PPM for their service group, while poor performance on the Felixstowe branch is masked within the wider Greater Anglia ‘rural’ service group. The very

³ Improving punctuality for passengers, February 2011
<http://www.passengerfocus.org.uk/media/700c5dbe35bf3086e9a08c2056b366e998b63b5b/punctuality.pdf>



fact of making performance by individual line visible, and subject to potential scrutiny, is likely to produce greater management attention than would otherwise be the case.

- Make the cancellations and significant lateness elements of CaSL as ‘indicators’ in their own right. Which one is the problem?
- Report the number of trains cancelled before 2200 the day before (and which therefore do not count in PPM or CaSL calculations), by sector, TOC and at least service group ‘indicators’
- Use PPM, ‘right time’, average lateness, CaSL and delay minutes by TOC as ‘indicators’

Full transparency in relation to ‘right time’ performance

The joint Passenger Focus, ORR and National Rail Enquiries research⁴ showed that passengers would value greater visibility of ‘right time’ and other performance data. Two key requirements emerged. First, ‘right time’ and cancellations information incorporated into journey planning tools as a predictor of likely punctuality when researching options or buying a ticket. Second, a database of historic performance information, searchable in multiple ways, that passengers and their representatives can use to establish the facts about their services. We urge ORR to regard the start of CP5 as the date for the industry to deliver full transparency of performance information.

Enhancements, including the ring-fenced funds

We welcome the substantial programme of enhancements set out in the two High Level Output Specification (HLOS) documents, including the ring-fenced funds targeted at specific issues. ORR’s intention to capture passengers’ interests in the development of enhancement projects is very important. A number of Control Period 4 (CP4) enhancements are suboptimal, from a passenger perspective, because there was no passenger involvement at the appropriate stage. This has been a particular problem where rail capacity enhancements have impacted on stations: the focus has been on capacity for trains, with minimal thought to the facilities needed on new or expanded stations. The stations in the Finsbury Park/Alexandra Palace area being a case in point.

Making sure passengers, whether through Passenger Focus, a voluntary rail users’ group or directly, have an opportunity to highlight what they need from a particular enhancement is vital. After all, passengers are the ones who will be using the new facilities! And passenger

⁴ Presenting ‘right-time’ performance information to rail passengers, May 2013
<http://www.passengerfocus.org.uk/media/a12d1b1082aaa1c4f47e6cf5d6af920ae8677e87/Right-time%20FINAL.pdf>



engagement may reduce costs – there have been examples where passengers perceive a more cost effective solution than the one proposed, but are told “it’s too late, work starts next week”.

The timing of passenger involvement is key to reasonable aspirations being incorporated into a scheme – reworking requirements once a project is underway inevitably drives up cost, often prohibitively. We suggest that ORR requires Network Rail to demonstrate that it has made reasonable endeavours to engage with passengers early enough that their views can influence each scheme, whether financed through a ring-fenced fund or part of a named CP5 scheme. Schemes impacting on stations, for instance, may need consultation with individual rail user groups and individual passengers, with plans on display early in the project. Underpinning this, we suggest that Network Rail maintains an area of its website where user-friendly information can be found about schemes in development – their objectives, the proposed interventions and details of how to input views. Clearly, there would be a resource requirement, including to maintain the online information and to engage meaningfully with those who have comments, but it should ensure that passengers’ needs are better reflected in enhancements than would otherwise be the case. We look forward to discussing with ORR how Passenger Focus can help in this area.

Regulated output for freight performance

We note the change from ‘delay minutes’ to a new Freight Delay Measure analogous to CaSL. Are there any implications for overall network punctuality, and therefore impact on passenger trains, if there is less incentive for freight trains to run precisely ‘right time’?

Network Availability

The draft determination has set the Possession Disruption Index – Passenger (PDI-P) CP5 exit level of 0.539 – a 14% reduction over the five years. Clearly, the level of renewal and enhancement that will be delivered during CP5 must be considered in setting the output. However, it is not clear if 0.539 is a tough but deliverable stretch target that will drive culture change in the way engineering work is delivered, or a prediction of how PDI-P will emerge derived simply from renewal workbanks and enhancement projects. Passenger Focus remains concerned that, despite the significant improvement in PDI-P in CP4, the cultural starting point for works, whether maintenance, renewal or enhancement is not yet “we will keep passengers on trains wherever possible”. Train companies tell us that they continue to face possession proposals where they are obliged to fight to get to an acceptable solution, rather than a customer-centric proposal being tabled in the first instance. We encourage ORR to consider if 0.539 by 2019 is good enough to meet passengers’ reasonable expectations.

Paragraph 3.171 refers to whether one route from London to Scotland is available at all times being an ‘indicator’. There are a number of other origin and destination pairs between which there are two routes (London to Birmingham, Cambridge, Exeter and Southend being just four examples). Where two routes exist, should maintaining one at all times also be an ‘indicator’?



Change Control

Is it envisaged that Passenger Focus would be consulted were you minded to change a regulated output during the Control Period?

Maintenance costs

Passenger Focus supports ORR's pressure on Network Rail to reduce its costs and so reduce the pressure for fares to continue rising at above-inflation levels. It is crucial, however, that the required maintenance output is actually delivered. The draft determination makes reference to this having been a problem in CP4, and echoes what we hear from some industry professionals that too little maintenance work takes place. ORR must ensure that there is £92 million of greater efficiency in maintenance, not £92 million less work carried out.

Station Stewardship Measure (SSM)

Passenger Focus is pleased that the SSM is to be retained for CP5. However, can passengers not expect an efficient infrastructure owner to achieve greater than a 0.02 improvement in the index over a five year period? At Category A and E stations the improvement is just 0.01. Ought ORR not be looking for the underlying station condition to improve more significantly over time?

Passenger satisfaction

We are pleased that the National Passenger Survey will be an 'indicator' in the output framework.

Journey time

We support the intention that in CP5 there should be emphasis on improving journey time. To facilitate this we believe Network Rail's maintenance and renewal activity should be designed to align, as far as is reasonably practicable and over time, infrastructure capability with the maximum speed achievable by the rolling stock in use. Clearly, braking/acceleration characteristics and station calling patterns need to be taken into account to achieve maximum value for money – line speed does not need to be 100mph through a station at which every train stops. The apparent absence of a line by line vision of incremental improvement has led, we understand, to signalling being renewed to the prevailing line speed and then track being renewed to the capabilities of the signalling or vice versa – perpetuating the status quo. The design of level crossings, and so the line speed over them, often negates any journey time benefit in running faster either side. Renewals funded by the level crossing safety fund should seek to unlock future opportunities, not constrain them for a generation or more. Turn outs and turn ins should be renewed at the highest linespeed practical to aid journey time, performance and fuel efficiency. The impact of ERTMS needs to be considered, too. Track and level



crossing renewals on routes that will receive ERTMS in the foreseeable future need to recognise that signalling-related issues currently constraining linespeed will disappear. In essence we are asking if an efficient infrastructure provider should be able to deliver increased capability incrementally over time through the normal course of its maintenance and renewal activity?

Notwithstanding our feeling that gradual incremental improvement should become 'day job' for Network Rail, we feel that more could be done to ensure train companies, local authorities and others are properly consulted about impending renewals so they have an opportunity to advocate/purchase more than like for like replacement.

Train companies should also be encouraged to seek journey time improvements wherever they reliably can. Have train companies become too conservative – preferring to use a better track layout to deliver a higher PPM rather than a faster journey? There are also examples of published journey time being extended, attracting the allegation of padding purely to achieve a higher PPM.

Areas worthy of focus are:

- what can be achieved by improving the pathing, including reducing the time trains take over the final mile – or that they stand outside stations waiting for a platform. This all adds to journey time and gives the perception of trains being slow and late – even if they have been scheduled to wait outside the station
- phase out differentials between working and public timetables, in any case highly questionable from a trust and transparency perspective

In terms of how ORR could help the industry reduce journey time, could you require Network Rail to demonstrate, line by line, reasonable endeavours to increase line speeds through the normal course of its activity in CP5 and beyond? Could you ask Network Rail to demonstrate meaningful, timely engagement with interested parties (including TOCs and local authorities) to ensure opportunities are not missed to deliver more on the back of renewals expenditure?

Regarding measurement, we advocate something that can be easily explained to passengers and easily understood within the industry. It also needs to incentivise improvement on secondary routes as well as flagship services. It is the secondary, generally non-London routes where journey time by train is often least competitive with car. We would caution against use of generalised journey time outside an urban, high frequency situation – on many routes, including those with high levels of pre-booked, train specific tickets, a higher frequency will not necessarily reduce real journey time. A word of caution: journey time improvements achieved purely by reducing the number of stops need to be treated with caution because of the potential journey time worsening that results for some passengers.



Outputs that are “no worse than at the end of CP4”

There are a number of points in the draft determination where Network Rail proposes that, in effect, the failure rate of certain assets is no worse than at the end of CP4. Paragraph 8.78 on wheeled plant is one – yet failure of such equipment can have a serious impact on passengers if it leads to an engineering overrun or requires a further possession to complete the work that couldn't be carried out. Paragraph 8.148 states that Network Rail expect the number of track faults causing delays greater than 10 minutes will *increase* marginally – and for electric power faults, delays are expected to increase by 10%, partly explained because a greater proportion of the railway will be electrified. Paragraph 8.368 refers to achieving stable condition of signalling assets in the long term. Passengers will find it very difficult to grasp that performance of key assets that cause them significant disruption when they fail is predicted to be static or worsen slightly to 2019. We strongly encourage ORR to reflect on this. Should Network Rail not be planning to deliver steady improvement in asset condition over the five years?

Value for money and affordability

ORR's finding that the HLOS for England and Wales is deliverable within the SoFA is welcome, and we note the expectation that the current funding gap for requirements in Scotland will narrow. As mentioned previously, however, a date has not been set for an end to above-inflation fare increases. When will passengers see *their* share of the efficiency saving?

Route renewal plans

A number of Network Rail routes intend to eliminate failure-prone pre-1976 rail, some reduce it and others do not mention it at all. Is ORR content that, taken as a whole, there is an appropriate approach to renewing pre-1976 rail across all routes?

Civils Adjustment Mechanism

The Civils Adjustment Mechanism appears eminently sensible given the current uncertainty over the work required.

Health and Safety

Passenger Focus welcomes the investment in measures to reduce the risk associated with level crossings. More generally, paragraph 11.29 highlights how critical it is that the appropriate level of maintenance is delivered in Control Period 5, rather than maintenance to the value allowed in the final determination. It is reassuring that the safety record in Britain compares favourably with other European countries, but the Rail Standards & Safety Board's Precursor Indicator Model (PIM) highlights that the trend is not one of continuous improvement. It is concerning, for instance, that rail breaks on the East Coast Main Line in 2012 – subject to the current Rail Accident Investigation Branch (RAIB) enquiry – occurred in the first place. Is it clear that



Britain's railway will be demonstrably safer in 2019 than it will be in 2014, other than as a result of the level crossings programme? If not, should ORR be requiring the industry to go further?

There are two areas which Passenger Focus encourages ORR to consider further:

- the risk of road vehicles ending up on the railway other than at level crossings. Is there sufficient visibility of which highway authorities are up to date with their risk assessments and which are not? Is there enough visibility of outstanding recommendations to highway authorities? The RAIB report into the Stowmarket incident on 30 November 2011 did not make happy reading. Would creation of a formal indicator in this area increase Network Rail's energy in engaging with highway authorities to reduce and eliminate risks?
- the question of recording safety-related incidents involving buses and coaches chartered by train operators, whether replacing trains during engineering works or *ad hoc* during service disruption. Currently, the industry has no reliable statistics in this area – yet safety is frequently cited as a reason for all lines possessions which almost always puts passengers onto buses or coaches.

Property disposal

Paragraph 16.262 refers to the potential to realise up to £22 million from sale of redundant freight land and Paragraph 18.10 to £101 million in property sales. We urge considerable care in this area. Once sold, and covered in houses or supermarkets, land is lost to the railway for good – with the potential in years to come to constrain growth, frustrate efforts to increase station car parking capacity, build new depots where they are needed etc. It is vital that there is a high bar for any decision to take a 'one off' capital receipt.

Schedule 4

It will be important to monitor the effect on industry behaviours of adjusting Schedule 4 payments to correctly reflect the loss of revenue to a train company because of engineering works. During CP4 several train companies, particularly the long-distance operators, have pressed Network Rail harder to keep passengers on trains, driven partly because fares revenue on certain routes will exceed the Schedule 4 payment they would receive. If Schedule 4 works more effectively in Control Period 5, there may be reduced incentive on train companies to challenge intrusive engineering options. This needs to be watched carefully.

Informed Traveller

Passenger Focus remains concerned about the level of inaccuracy in timetable information in the public domain after the Informed Traveller T-12 requirement. The reasons include late



notice possessions, booked possessions that are cancelled, systems glitches, delays in train companies bidding to Network Rail and delays in processing by Network Rail. An industry working group has been established to drive improvements. It may be appropriate for the level of inaccuracy after T-12, in an area long-covered by Licence conditions, to be a formal 'indicator' in CP5.

I hope this is helpful.

Yours sincerely

Anthony Smith
Chief Executive