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[Inquiry into the future of the Wales and Borders Rail](#)

Evidence from – WBF



National Assembly for Wales

Enterprise and Business Committee

**The Future of the
Wales and Borders Rail Franchise**

Submission from

Public Transport Users' Committee for Wales

September 2013

The Public Transport Users' Committee for Wales (PTUC) welcomes the opportunity to contribute to this consultation.

The PTUC is a committee which offers advice to Welsh Ministers about strategic issues relating to public transport services in Wales from the perspective of users' experiences and needs.

Key issues

1. Whether the current franchise meets passenger needs and what lessons should be learnt from it;

1.1 There is evidence that a 'no growth' franchise has been shown to be unsuitable. In 2009 Professor Stuart Cole, Chair of the Wales Transport Strategy Group, stated

'There is no doubt that we were given an inadequate franchise right from the beginning, hence the Assembly Government having to spend an extra £30 million or £40 million just to meet the demand over the last few years. We are seeing no reduction in that increase in demand. Every seven years, we are doubling the number of people travelling on lines in general in Wales, but particularly the number of those travelling on the commuter lines into Cardiff' (Evidence to the National Assembly for Wales' Enterprise and Learning Committee's *Inquiry into the Future Railway Infrastructure in Wales*, 21st October 2009).

1.2 Any future franchise needs to be one that promotes growth while being flexible to react to changes in demand, e.g. to increased passenger numbers following electrification, or development in employment facilities in for example Cardiff or the North East Wales / Cheshire / Wirral areas. The franchise would need a mechanism where service enhancements would become part of the franchise's global revenue support figure, as opposed to a separate figure for each enhancement as seen in the present ATW franchise. Getting value for money for any enhancements to services during the franchise term is important. Having some as potential future add-ons at the initial contract stage would avoid the greater cost if added as a variation to the franchise at a later date.

1.3 The franchise should allow for changes in circumstances such as improvements in technology. An example could be smart ticketing which should be able to be included in an existing franchise rather than have to await the award of the next franchise in possibly 7 or 10 years time. Future franchises need to be able to

accommodate changes in demand rather than be based around demands at franchise award. Changes to disability access requirements need to be allowed for over the duration of a franchise term.

- 1.4 A mechanism to ensure that a not for profit organisation is incentivised to grow the business. Sometimes developments have a risk attached to them, without a perceived financial benefit an organisation would tend to maintain the status quo thus bringing inertia into any development process. A future Wales and Borders franchise would require revenue support and as such we would expect a detailed specification of service levels, together with a range of priced options at the initial stage that could be added in during the franchise period. It is noted that the stopped great Western re-franchise had costed options such as Tavistock services as an option, a similar method could prove cost effective in future.

2. How passengers should be involved in the franchise development and delivery;

- 2.1 With the UK Government's stated aim that passengers should shoulder an increasing proportion of the costs of the rail industry, together with the terms of reference of this inquiry, including the statement *while reducing the burden on the tax payer*, there is a need for users' views to play a central role in the development of rail service patterns. There needs to be a 'Wales' passenger focussed input as well as the more UK centric view of Passenger Focus. ATW's passenger panel <http://www.arrivatrainswales.co.uk/PassengerPanel/> could be a model for development to play an enhanced role, as could PTUC.
- 2.2 The inquiry needs to consider the role that Passenger Focus would play to protect the interests of passengers in the tendering process, and while the franchise runs: in view of the breadth and depth of data regarding passenger priorities and needs that PF has accumulated over the years through its twice yearly National Passenger Survey (NPS) and its ability to separate out figures relating to the Wales and Borders franchise.

3. How communities and local government / Regional Transport Consortia should be involved. Could they be involved in specifying the franchise or perhaps even in delivering services?

- 3.1 The Regional Transport Consortia (RTCs) should have an input into the specified service levels and facilities at stations, but we note that involvement in the technicalities of train operation would be unfeasible. In terms of ticket sales and station facilities however, local authorities and community groups could bring experience and enthusiasm at this level. A mechanism to allow input from local users' groups to input into proposed service levels would be desirable, but

realistically this should be via the RTCs so that a regional overview of service levels would be possible.

- 3.2 Rail services usually cross numerous local authority boundaries and if service frequencies were devolved down to local authority level for discussion, for example, developments would become delayed. Consider for example the number of local authorities in Wales involved in the Manchester to Milford Haven or Cardiff to Holyhead service groups.
- 3.3 Mindful of the aspirations of the Heart of Wales Line Travellers Association for service developments on the route to Swansea, together with suggestions regarding the Conwy Valley line, there needs to be a debate relating to micro-franchises where these could show a benefit over present arrangements, or other ways that local groups could play an active role in service provision.
- 3.4 A consideration of how local authorities in the English border area can be formally consulted upon Wales & Borders franchised services that serve their communities is important, such as those serving Shropshire, Herefordshire or Lydney for example.

4. The management model to be adopted, including the Welsh Government's proposal for a not-for-dividend franchise;

- 4.1 The management model needs to be incentivised to develop the franchise rather than to simply run a fixed service pattern through to franchise end. The model needs to be sufficiently flexible to react to external factors and to be proactive in driving developments of economic importance to Wales.
- 4.2 The concern over developing a model based on the Glas Cymru model is that the rail industry is rather different to others. We note the ORR's comment in their consultation document 'Opportunities and challenges for the railway: ORR's long-term regulatory statement' that the privatised railway is not like other regulated industries.'
- 4.3 Consideration needs to be made about capital funding, whether this is to all come from Welsh Government (or UK government depending upon the Silk Commission outcome) or whether the franchise holder will be expected to be involved in capital work in a similar way to the Chiltern franchise model.
- 4.4 The level of experience in Welsh Government, both technical and financial, to specify and control the franchise needs to be considered.

5. How the franchise specification should improve the passenger experience, including issues such as franchise length, targets / incentives and the core service standards which should be included;

- 5.1 There needs to be a focus on improved connectivity between rail and other transport modes. This can be done through being a formal part of the franchise tender. Public transport is in direct competition with the private car and integration

across public transport modes is critical in reducing dependency upon the car. The franchise documentation needs to specify the requirement to improve information across transport modes such as accessibility, timetabling and disruption. Disruption protocols in particular need to be formalised so that passengers' concerns are minimised, during both planned and emergency disruptions to services.

- 5.3 There needs to be a commitment to a cross-mode form of smart ticketing that provides passengers with an experience similar to that enjoyed by Oyster users in Greater London. This would include the commitment to ensure users paid no more than necessary – a major driver of increased use by Oyster in London. A card that simply provided facilities similar to that of a credit or debit card would be insufficient to encourage modal shift.
- 5.3 There is a need for transparent specified outcomes and performance targets for core services to drive service quality improvements by which the operator's performance can be measured and which will allow passengers to hold them to account for poor performance, rather than an over-riding focus on financial targets.
- 5.4 The PTUC's focus is strongly upon improving the experience of the passenger, with a particular emphasis on overcrowding, provision of information, facilities for disabled passengers, toilet facilities, luggage space, carriage of cycles and security, overall journey experience and how disruption is managed and communicated. Maintaining rolling stock cleanliness levels to agreed levels needs consideration, including those on shorter routes such as the Valley lines.
- 5.5 There is potential to develop the use of such targets and to weight criteria according to their level of importance. The use of such 'output' measures could help to create accountability, and help to drive up standards throughout the franchise period.
- 5.6 A mechanism for dealing with poor performance needs to be considered and for reacting to significant change over the course of a franchise, especially if the franchise period is longer than 10 years. This might provide a useful sanction to ensure the operator delivers their commitments.
- 5.7 There needs to be a mechanism in the franchise agreement to ensure information on timetable changes is passed on to other public transport operators such as bus companies to allow integration of timetables across transport modes. At present, where integration between train and bus timetables exist, some operators cite issues around advance notification of timetable changes as a barrier to co-ordination of connecting bus timetables.

6. The routes, particularly cross-border routes, which should be included;

- 6.1 The cross-border routes in the franchise to remain as in the present Wales and Borders franchise, although consideration of which franchise would control any proposed Swansea to Bristol / Bath / Swindon type service formed of electric multiple units needs to be considered.

6.2 There remains a need for the Welsh Government to have an input into the Great Western, West Coast, London Midland and Merseyrail franchises. The Welsh Government needs a formalised input into service specifications on these and on other services between North East Wales and the developing Merseyside / Wirral / Cheshire / Deeside economic area.

7. The rolling stock needed for the new franchise. What factors need to be considered and how this should be procured? Will new rolling stock be required?

7.1 Consideration needs to be made of the level of experience available to the Welsh Government to specify detailed requirements for rolling stock. The leasing and maintenance costs of using refurbished electric multiple units against new build needs to be considered as does the track access costs of these vehicles. New rolling stock will need to be provided for any ongoing electrification work likely after 2018 (completion of the Valley lines electrification for example) and for any future electrification such as the North Wales Coast or Wrexham – Bidston likely in control period 6, and beyond.

7.2 Secondly, additional stock will be required to cope with increasing ridership. Passenger numbers have continued to grow through the latest recession, and growth can be expected to continue.

7.3 The Cambrian Line has a signalling system that requires specific rolling stock which we understand is in limited supply. The commitment from the Welsh Government to make this an hourly service would require more specific rolling stock. We consider this should be included in the new franchise agreement.

7.4 Experience from the Train Operating Companies (TOCs) and Rolling Stock Companies (ROSCOs) is important here, to ensure suitable and financially efficient provision.

8. Whether additional lines, enhancements to existing lines, new stations or other infrastructure are needed;

8.1 Development of the Swansea and Cardiff city regions as well as the developing North-east Wales / North west England economic region will require a review of rail service provision in those areas. Provision to developing economic locations will also be necessary.

8.2 Road traffic congestion on both the M4 and A470 corridors in South east Wales and around Deeside suggest that enhancements to rail could mitigate the need for expensive road improvements, both by improved service frequencies and suitably located park and ride stations such as on the Chepstow / Bristol to Cardiff corridor to the east of both Newport and Cardiff.

8.3 SEWTA have suggested reopening lines to Abertillery, Creigiau, Bedlinog, Church Village and Ebbw Vale Town Centre while consideration needs to be made of

improvements to the Ammanford / Pontardulais to Swansea rail journey while providing for Gorseinon (the largest rail-less settlement in Wales) by restoring a Hendy to Gowerton via Gorseinon link in the Swansea City region.

9. Whether the franchise can support an enhanced relationship between Network Rail and the franchise operator and the benefits this might bring.

9.1 The recent formation of Network Rail's Wales route directorate that matches the Wales and Borders franchise area allows for an improved relationship between the infrastructure provider and the train service operator. The recent reopening of Fishguard & Goodwick station showed the benefit of this relationship where the project was provided at a far lower cost than comparable re-openings elsewhere, while also reducing the lead in time to provide a facility to months rather than years. The added savings made by Network Rail and Arriva Trains Wales collaborating and reducing costs by removing the need to pay compensation to the train operator while the engineering works proceeded assisted further and should be an accepted part of a future franchise. Vertical integration along the lines of the South West Trains alliance is a model worth considering. Closer working relationships between the Wales & Borders franchise and Network Rail's Wales route should improve reactions to incidents as well as reducing costs of infrastructure development.

10. Franchise investment

10.1 The longer the franchise the more adept it has to be to changing circumstances. The contract for the present Wales and Borders franchise was awarded in 2003 and runs for 15 years, with five-yearly review points. The franchise was transferred from the Department for Transport to the Welsh Assembly Government in 2005.

10.2 The franchise was not designed to cope with the exceptional passenger growth seen over the past few years or to add incentives to remove barriers to private sector investment - as the franchise specification does not include provision for new services, new trains, additional train sets or investment in stations.

10.3 The issue of 'residual value' is addressed in the Passenger Focus response to the McNulty review:

'Incumbent franchises must be incentivised to deliver continuous improvements throughout the life of the franchise and not be discouraged from investing towards the end of a franchise. We want to see train companies spending money on capital investment but clearly they will not do so if they risk losing the value of that investment towards the end of the franchise period. The issue of 'residual value' was highlighted in DfT's recent consultation on franchise reform. This

needs to be resolved otherwise it will be very difficult to persuade franchisees to provide capital investment on the scale desired’.

11. Conclusion

- 11.1 The Public Transport Users’ Committee for Wales recognises the crucial role that the franchise plays in the economic development of Wales. PTUC is strongly of the opinion that a not for growth franchise is unsuitable in future.
- 11.2 PTUC believes that consideration needs to be made about how any not-for-profit franchise can be incentivised to meet users’ aspirations with regard to service and quality levels and to grow the business. There is a need for a mechanism so that route or service enhancements proposed by the RTPs or Welsh Government can become an integral part of the ongoing franchise.
- 11.3 Consideration needs to be made over how capital expenditure for future rolling stock orders can be progressed
- 11.4 In order to encourage modal shift towards public transport there needs to be a requirement for any future rail franchise to inform and consult with other public transport operators over future timetable changes in order to improve connectivity. A commitment to improve provision of information about other transport modes will assist in furthering integrated transport provision across Wales. There also needs to be a mechanism to ensure a future rail franchise’s involvement in Smart Ticketing technology across public transport modes.
- 11.5 Reducing greenhouse gas emissions and other environmental impacts is one of the five strategic priorities in the Wales Transport Strategy. The Wales National Transport Plan notes that public transport service enhancements will be one of the methods of securing behavioural change, in particular in reducing car dependency. The Plan goes on to affirm that improving the provision of, and access to, rail services is central to encouraging greater levels of modal transfer.
- 11.6 The provision of a high quality rail service that truly meets passenger priorities and needs is essential if we are to entice passengers out of their cars and onto the train. We believe that a more qualitative approach to the assessment of franchise bids is needed - one which judges the quality of the overall package of proposals they contain to invest in the railways, improve services and grow passenger numbers’.