

Response to the DfT rail decentralisation consultation

June 2012

London TravelWatch is the official body set up by Parliament to provide a voice for London's travelling public.

Our role is to:

- Speak up for transport users in discussions with policy-makers and the media;
- Consult with the transport industry, its regulators and funders on matters affecting users;
- Investigate complaints users have been unable to resolve with service providers; and
- Monitor trends in service quality.

Our aim is to press in all that we do for a better travel experience all those living, working or visiting London and its surrounding region.

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Executive Summary

London TravelWatch welcomes the opportunity to respond to the Department for Transport's consultation on devolving decision making for passenger rail services in England.

We support

London TravelWatch supports the general principles of decentralisation and local responsibility for train service provision outlined in the government's consultation

We welcome

London TravelWatch welcomes the openness of the Department to devolving its' functions and to using alternative means of providing, procuring and operating local train services to meet local market conditions.

We recommend

London TravelWatch recommends that:

- The Mayor of London and Transport for London's (TfL) proposal for taking responsibility for Southeastern and Greater Anglia suburban services should be accepted by the DfT.
- The Mayor of London through TfL should, subject to regular public consultation, set all local train fares within the London area.
- The Mayor of London through TfL should be able to specify the branding and marketing of local services within London.
- The Mayor of London through TfL should where cross-boundary services are involved consult with the appropriate transport authorities through which they pass on any changes proposed to fares, tickets, services, stations and facilities.
- The Mayor of London through TfL should in specifying the content of any concession / franchise take advice on this from London TravelWatch as statutory transport consumer body for London.
- Network Rail should retain its' role as an independent neutral body in respect of track access rights.
- The DfT should work with TfL towards the devolution of the other suburban train service elements of franchises such as South West Trains, Thameslink.
- The DfT should work with TfL to allow greater local involvement in the London area in franchises such as Essex Thameside and Chiltern Railways, where these franchises operate local stations in Greater London.

- The Mayor of London, TfL and the DfT should in any agreement to devolve further services to London include a commitment to working with and encouraging local community rail partnerships to increase the sense of local ownership and accountability.

Introduction

London TravelWatch's response has been informed by our casework appeals, as well as our current and past research. The area that we have made comments about is shown in the diagram below.

Figure 1 - Map of London TravelWatch Area



London TravelWatch Casework

London TravelWatch is the body to which transport users appeal if they are not satisfied by the response of the transport operator's complaints process.

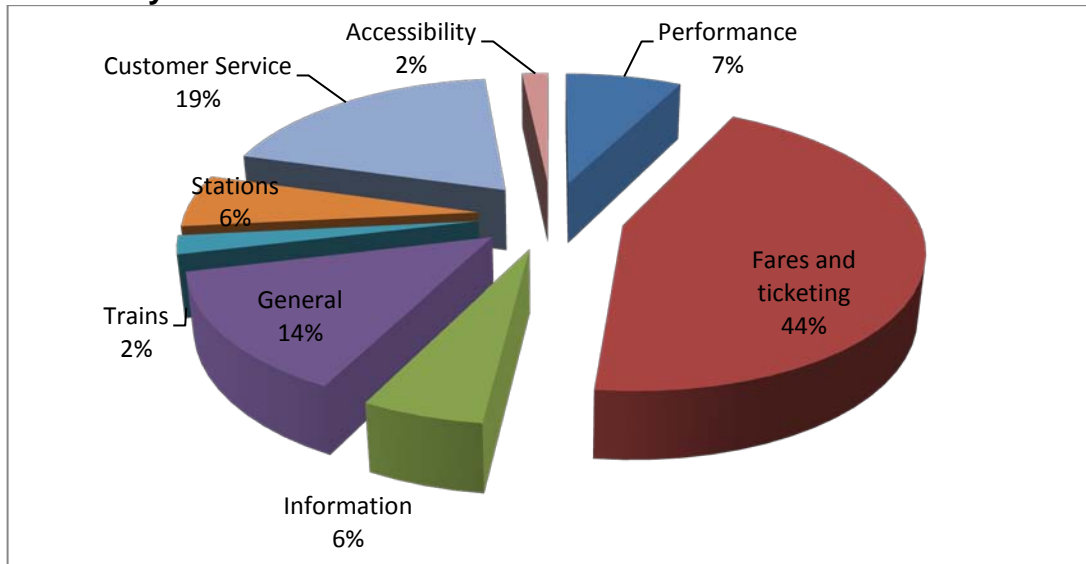
London TravelWatch receives around 300 appeal cases per month and 200 others from the public that either are treated as 'initials' and 'direct' cases. Of these approximately 200 per month are related to National Rail services.

Details of the last two quarters are available at <http://www.londontravelwatch.org.uk/document/14152>

Graph 1 overleaf shows the breakdown of appeals by subject, and this shows that appeals about fares and ticketing make up the largest category with 44% of complaints, followed by customer service issues. A significant proportion of the Fares and Ticketing appeals relate to Oyster (either Pay As You Go or Travelcard / Freedom Pass products). These will necessitate the involvement of TfL in what is otherwise a Train Operating Company related appeal complaint. This adds complexity and often delay in providing appropriate responses. In the case of London Overground this layer of complexity does not exist as any Fares

and Ticketing complaints (and at the next stage appeals) are dealt with directly by TfL. In the period January to March 2012 London TravelWatch received no new appeal cases relating directly to London Overground, and dealt with only one case remaindered from a previous period. In the same period London TravelWatch received 216 other National Rail appeal complaints and 118 TfL appeal complaints for other modes of transport,

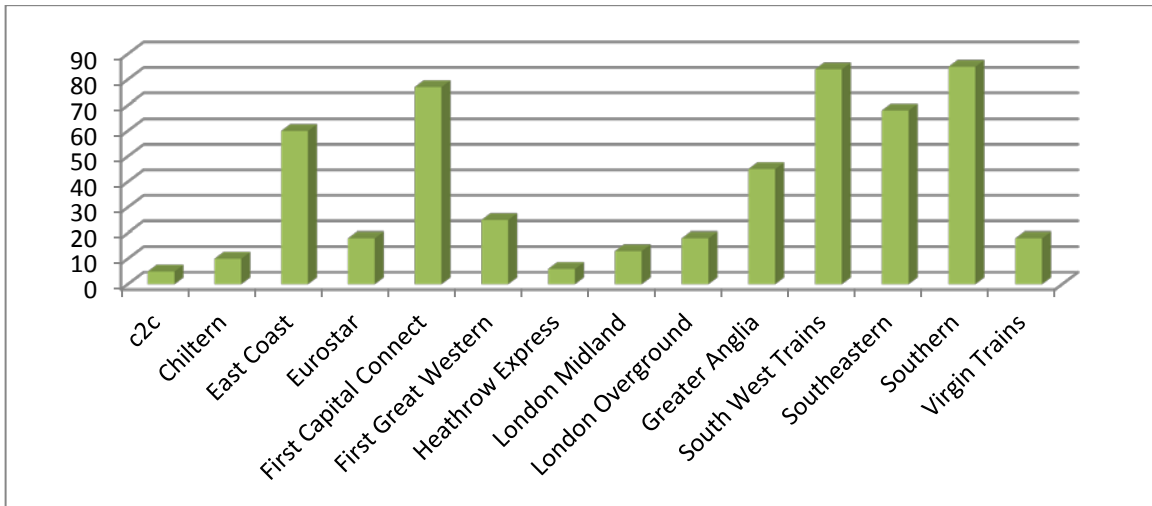
Graph 1 - London TravelWatch National Rail Appeals by category April 2011 to January 2012



London TravelWatch believes that the adoption of a London Overground type concession to other National Rail services within London, would reduce the complexity faced by passengers in making complaints about their services. It would also mean a potential reduction in the amount of time taken to resolve such complaints, with a consequent improvement in passenger satisfaction with the outcome. This greater accountability and responsiveness, would not necessarily cost more to provide than the present system. Indeed, reduced complexity would be a mechanism for reducing costs to the industry, and increased revenue by retaining custom that would otherwise be lost as a result of poor service.

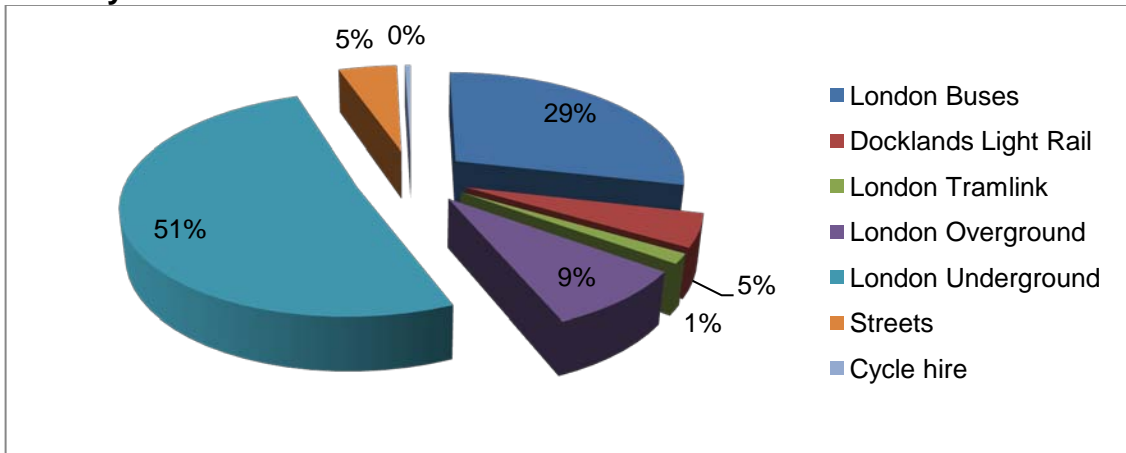
Graph 2 overleaf shows the number of London TravelWatch appeal cases by National Rail operator in the period April 2011 to January 2012.

Graph 2 London TravelWatch Appeal Cases by National Rail Operator April 2011 to January 2012



Graph 3 below shows the numbers of TfL appeals cases by mode for the period April 2011 to January 2012. It should be noted that in proportion to the numbers of journeys made, TfL modes account for approximately ten times as many as National Rail journeys within London on a daily basis. It should be noted that the number of appeals relating to TfL services is broadly in line with the proportion of passengers each mode carries. However, this is not the case in relation to National Rail operators. National Rail services are responsible for a disproportionate number of appeal complaints as against other modes of public transport in London, and the number of passenger journeys made on them. London TravelWatch believes that a locally accountable rail service would be more responsive to the needs of passengers and would increase passenger satisfaction levels as a result.

Graph 3 London TravelWatch TfL Appeal Cases by Mode April 2011 to January 2012



Issues for London passengers

London's current experience of rail devolution

London's passengers pay the highest proportion of fares as against rail industry costs in the UK – at approximately 87p in every £1. This compares against much lower proportions for inter city journeys or local journeys in the regions. London's passengers also have lowest satisfaction ratings in terms of 'value for money' for the services that they have purchased or received.

London TravelWatch believes that any further decentralisation of decision making powers regarding rail services in London should seek to address this, by identifying and tackling the root causes of these low satisfaction levels and improve the rating of 'value for money' by passengers. In Autumn 2011 the National Passenger Survey recorded only 42% of passengers satisfied with the value for money for their ticket: yet on London Overground this was 54%. In comparison in Autumn 2006 the London and South East sector was 38% and Silverlink (the equivalent to London Overground) only 39%. This improvement is in marked contrast to many other train operating companies whose score on this key component of passenger satisfaction has barely moved in the same period of time. This compares to 'value for money' scores on other TfL modes of 65% or more.

The London Overground model of concession / franchise letting has proved to be a very effective means of raising the standard of rail operation in London. Passenger satisfaction and passenger numbers have risen significantly since 2007 on the routes covered by this concession, which previously was regarded as a very poor operation, with trains and stations similarly in a relatively poor condition. However, since then the investment in London Overground has transformed the railways concerned into a model operation, with growing numbers of passengers, modern trains, clean and presentable stations, significantly reduced fare evasion and crime. This is a network which the public is proud to associate itself with.

How has this been achieved?

This has been achieved by a clear and concise contracting mechanism and decision making processes taken at a local level.

Transport for London (TfL) set out in its contract what it wished the operator to provide and achieve, with penalties and rewards for failure or success. Their contract was informed by the long standing aspirations by local stakeholders and users for improvements, including this organisation over a period of 30 years or more. This meant that there was significant local support for what was proposed and subsequently as services were improved.

The Lorol contract is framed such that the operators income is determined by performance and customer satisfaction rather than being reliant on the fare box.

London TravelWatch believes that all London's rail operations should aspire to, and be provided at the same standard as that of London Overground. This can be achieved by further devolvement of the management and decision making processes to the Mayor of London and TfL.

In addition London Overground Operations Ltd (Lorol) has itself been quite proactive in engaging local communities over and above its contractual obligations. There are some examples of community rail partnerships / station adoption schemes on their network. In addition they have sponsored events such as the 'Overground festival' in Crystal Palace. This contributes to a general feeling of local involvement and accountability. We would recommend to the Mayor, TfL and the DfT that any further devolution of franchises should be accompanied by a commitment to local community partnerships.

Is it possible to achieve these improvements at a time of reduced budgets and the need for better value for money for taxpayers?

London TravelWatch believes that TfL has the capacity to do just that through economies of scale and local attention to detail.

The current arrangements for London Overground mean that the operator is solely focused on providing customer service, rather than also having to deal with wider issues of fares policy or commercial decision making on the level of service to be provided. Any commercial risks are borne by TfL. This attention to detail and separation of general policy from everyday operation, has meant that the numbers of appeals / complaints that London TravelWatch receives about London Overground is significantly lower than comparable National Rail operators (as evidenced above).

The proper use of an incentive / penalty contract regime has also meant that London Overground has significantly reduced fare evasion on its network. The fruits of this regime have been shown in increased revenue and a reduction in crime and disorder on the network (and therefore costs).

TfL's provision of other adjacent public transport services has also meant a more integrated and more cost efficient means of service delivery. Rail replacement buses at times of engineering possessions are being procured more easily and with better coordination with ordinary bus services.

Which responsibilities should be retained and which should be devolved to sub-national bodies?

In London, London TravelWatch believes that responsibility for letting and managing franchises should rest with the Mayor of London / TfL.

In the immediate future responsibility for the inner suburban services of Southeastern and Greater Anglia should be specified by TfL to the standards achieved by London Overground. TfL should have full accountability for determining whether a contract has been fulfilled.

In the longer term responsibility for local services operated by South West Trains and the Thameslink franchise should also be suitable for devolution to TfL.

Fares should be set by the Mayor, subject to public consultation. The Mayor / TfL should also have the ability to specify the branding and marketing of local services within London. Fares regulation at most out-boundary stations, served mainly by other train operators would remain the responsibility of the lead operator rather than TfL – as is the case at Watford Junction today.

Track Access Rights should operate within the existing regulatory framework with Network Rail operating as a neutral decision making body on whether to grant access rights or not.

Types of service to be devolved.

London TravelWatch believes that TfL is best placed to focus on local service provision – in line with its' other activities, rather than long distance operations. It is also by virtue of its' local nature able to respond to changed local market conditions better than an operator that has to manage multiple markets.

There are a number of examples in the London area, where operators whose focus is much more diverse, have to manage conflicting demands within their businesses, and as a result local services often are more neglected in comparison to more lucrative long distance services.

What would be the implications for other users of the network?

London TravelWatch does not believe that there would be significant disadvantages to other users or neighbouring areas from devolution. On the contrary investment in London Overground has also benefitted others by the improvements in interchanges, and increased journey opportunities afforded by greater service frequencies.

In particular, the local stations between Orpington and Sevenoaks on Southeastern would benefit from local management and control. We would urge the DfT to consider also including in any concession for Southeastern Metro services the stations between St, Mary Cray and Sevenoaks via Otford.

If TfL were given responsibility for these stations we believe that local accountability and 'ownership' would be improved by the adoption by TfL of a 'Community Rail Partnership' approach to developing these stations and services in conjunction with local authorities and rail user groups with an interest in these stations.

Decentralisation of responsibility is in fact nothing new, but has been an evolutionary process. London Underground has operated out-boundary services and stations since 1933, and London Buses has numerous cross-boundary routes (See London TravelWatch's report on 'Crossing the Border' - <http://www.londontravelwatch.org.uk/news/2009/07/testing-the-outer-limits---on-the-bus> . There is an argument that TfL's involvement in cross-boundary services has resulted in benefits to areas outside of London. London Overground operates into Hertfordshire, as will Crossrail into Berkshire and Essex.

London Underground have acted as promoter for the 'Croxley Link' scheme in Hertfordshire, which is subject to final approval for Transport and Works Act and Closure proceedings for Watford (Met) station.

TfL already has two board members representing the interests of non-Londoners, and already has powers to operate out-boundary services.

Which model of franchise administration should be adopted?

London TravelWatch believes that the optimum mechanism in terms of passenger benefit would be complete devolution of responsibility to TfL. Other models do have their merits but have the disadvantage of dissipating responsibility for managing and monitoring the franchise or enabling change as the franchise develops. In the passenger interest there should be 'one single controlling mind' that they know is responsible for the franchise and that they can contact if necessary.

How should devolved franchises be governed and how much funding should be devolved?

Any franchised devolved to London should be the responsibility of the Mayor and the TfL Board. Where the franchise operates beyond the London boundary, the Mayor and TfL must be required to consult with the appropriate transport authorities through which the franchise passes on any changes proposed to fares, tickets, services, stations and facilities

The Mayor and TfL should also in specifying the content of the franchise, take advice from London TravelWatch as the statutory consumer body responsible for travellers in London. This would be in a similar fashion to that currently in place with Passenger Focus advising the Secretary of State on other franchises.

Conclusions

The London passenger experience of devolution has been a very positive one to date. However, many London passengers have yet to benefit from this. London TravelWatch believes that these passengers should be able and would want to benefit from the opportunities that further devolution would provide. An early decision by the Department to accept devolution to TfL would allow the benefits of this to be realised much earlier and to a much greater extent than a decision to delay or defer to some later date.

Appendix A – Glossary

Term	Definition
DfT	Department for Transport
NPS	National Passenger Survey
ORR	Office of Rail Regulation
TfL	Transport for London