

Railway Markets and Economics
Office of Rail and Road
One Kemble Street,
London, W2B 4AN

Our Ref:
Your Ref:

January 2016

Dear Sir/Madame,

PR18 Reviews of schedules 4 and 8 of track access contracts

Thank you for the opportunity to comment on this.

We would like to see a reform of schedule 8, because at the moment as your paper points out currently this is very focused on the needs of train operators rather than passengers as end users.

As such this is a matter of public concern, particularly as amounts of compensation paid to operators can be in an order of magnitude different to those paid to passengers through schemes such as Delay Repay, in particular because a large proportion of passengers do not claim the compensation that is due to them, either because they are unaware of their entitlement or because the amount of recompense is not large enough to warrant the effort of submitting a claim.

We are aware that in the past some train operators have assumed poor performance on the part of Network Rail in their financial plans, such that it is more valuable to them to be compensated by Network Rail than the revenue that they receive from passengers (e.g. National Express East Coast franchise). This kind of perverse incentive is obviously not in the interests of passengers.

Similarly, we have been concerned about the poor performance of the Thameslink Southern Great Northern franchise (TSGN) since its start in September 2014. This has particularly affected passengers travelling within the London 'Metro' area where journeys are shorter and the likelihood of delays of more than 30 minutes is less, but the impact of delays can be proportionately greater.

We have therefore, asked the Department to consider reducing the threshold at which delays become eligible for compensation from 30 minutes to 15 minutes, and to introduce automatic compensation arrangements so that passengers do not need to go through a bureaucratic process to receive their refund. This has been included as a commitment in the Comprehensive Spending Review in 2015.

This is an important and correct decision in favour of passenger interests. However, passengers would rather train services are reliable, and so the need for compensation to them is reduced. Our view is that the schedule 8 payments mechanisms need to be reformed to incentivise operators and Network Rail to improve reliability and reduce the impact of disruption on passengers through a direct relationship with the compensation regime.

Attached is a discussion paper that we have submitted to the DfT on how we think such a system might work. If you have any queries on our response please do not hesitate to contact me.

Yours sincerely,

Tim Bellenger

Director – Policy and Investigation

Direct Dial: ✕

Switchboard Telephone: 020 3176 2999

Email: ✕

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