

Commercial Director
Floor 6
Friars Bridge Court
41-45 Blackfriars Road
London, SE1 8NZ

Abigail Grenfell
Manager, Licensing and Network Regulation
One Kemble Street
London
WC2B 4AN

17th June 2011

Dear Ms Grenfell,

Amending licences to give passengers the information they need to plan and make journeys – SSWT response to consultation

Thank you for the opportunity to comment on the proposal to amend licenses to include new provisions on passenger information, set out in the letter from Bill Emery dated 29th March 2011. In summary, our views on this proposal are:

- More needs to be done to improve passenger information, despite improvements by TOCs in recent years
- We need a passenger focused solution that recognises the particular challenges and complexities of individual franchises
- We need a solution that delivers further improvements efficiently
- Our view is that incorporating obligations into franchise agreements is the best way to achieve these objectives rather than introducing new licence conditions

SSWT's view is that passenger information needs to be improved, and it has taken a number of measures over the last few months and years to improve real time information to its passengers. Such measures include:

- modifications to the CIS software to introduce "disruption mode" which tells customers which trains are running during major perturbation, and suppresses those that are not yet moving or ready to move
- a programme of help point renewals such that all stations are now covered with a link to the Control Centre at Waterloo (the WICC)
- ongoing training of key staff, including guards' use of the on train PA system and enhanced training for controllers in the new industry passenger information processes
- a programme of improvements to CIS displays at main stations, including the introduction of electronic A-Z departure boards
- the introduction of CIS displays in some car parks
- moving the CIS / CCTV control centre from Wimbledon to Waterloo, where it now sits as part of the main route control centre (the WICC)
- working with third party organisations, such as ferry terminals, shopping centres, sporting venues and large employers to display real time departure boards at these locations



- upgrading our system for the broadcast of disruption and train service alteration messages to customer facing staff and to passengers via our website
- carrying out comprehensive reviews following disruptive events, with industry partners, to ensure that any lessons can be learnt, and further improvement actions instigated

We fully accept that, particularly during severe train service disruption, the status quo is not good enough and much more needs to be done.

However, SSWT does not agree that amendments to licences are the correct mechanism by which to secure further improvements in this area. The rail passenger market already provides a number of strong incentives for TOCs to markedly improve information to passengers:

- better customer service drives demand and revenue
- a poor reputation can arise from consistently poor delivery of timely information
- good information reduces conflicts between staff and passengers during disruption, which reduces the risk of staff assaults, threats and abuse. These can seriously affect staff morale and attendance.
- good information can lead passengers to make earlier and more informed decisions about alternative routes, whereby they avoid disrupted parts of the network completely and don't add to the problems of crowding and congestion

Where the market does not provide strong enough signals, SSWT believes that the correct vehicle for defining further measures for franchised TOCs is within the franchise agreement. There are already general obligations on the operator regarding protecting passengers' interests during disruption within most franchise agreements, and, where government specifies it, there are specific provisions regarding the delivery of investments and other measures designed to deliver customer information improvements. Thus the government is buying what is required over and above the market, and ensures an efficient price for obtaining it through the competitive bidding process. The proposal as it stands does not seem to give any consideration regarding mechanisms to ensure that improvements are efficiently delivered, in line with the conclusions of the McNulty report.

In other areas of the railway, for instance where franchise stations require improvement, it is not a licence condition that drives change; it is normally franchise commitments enforceable through the franchise agreement that deliver the enhancements. And, like passenger information, station improvements require inter working and co-operation with Network Rail (as landlord) and other operators (as access beneficiaries).

In the same way, our view is that the logical route to secure further improvements in passenger information provision would be for government to specify specific outcomes or outputs as part of franchise letting, where it believes that market forces alone will not secure these improvements. This approach based on franchise agreements would recognise the particular challenges and complexities that may apply to individual franchises. It also ensures that consequences and remedies for non delivery by an operator are concentrated in one place, the franchise agreement, as opposed to possibly creating a situation of "double jeopardy" where a breach of a licence condition could also be involved; a situation we believe would be conspicuously unfair.

Our view is that the station or train operator should have the ultimate accountability for delivering good levels of passenger information, and that Network Rail's role is as a supplier to station and train operators - the responsibility for ensuring that Network Rail delivers its responsibilities should therefore rest with the station and train operators via the supply chain and associated contracts. We do not agree that accountability for passenger information is currently unclear. In fact we think there is a danger that the proposal inadvertently divides a single business process into two parts, a Network Rail part and a TOC part, without a guiding mind or party with overall responsibility for the whole process.

As an alternative approach, when train performance hit poor levels of punctuality and reliability after the Hatfield Accident in 2000, the effective solution adopted by the industry was to modify the network code and drive up performance and co-operation through the use of JPIPs, with oversight by the National Task Force. We believe there are significant parallels between a scenario of substandard train performance and substandard levels of passenger information, (and of course, the infrastructure manager is an important supplier in both cases), and that a process of developing and delivering "Joint Information Delivery Plans" would be more effective.

We think that enforcement of new licence conditions may prove to be difficult. Good quality information is difficult to define and measure - we are not sure how ORR would objectively audit poor examples of passenger information, and the danger is that only selective, unrepresentative and anecdotal evidence is used to begin enforcement action. The desire to avoid any possibility of enforcement action may create incentives amongst licence holders to "over-provide" information, focusing on quantity of messages to passengers rather than quality, and this could make the situation worse.

One of the responsibilities of ORR is to enable companies within the rail sector to plan their businesses with a reasonable degree of certainty. We believe this proposal actually makes it more difficult for us to do so, in that purposive licence conditions, in our view, always introduce a degree of regulatory uncertainty over what is needed to be compliant. With the threat of fines of up to 10% of turnover if the licence condition is breached, the proposal materially changes the risk profile of our business. In our view an attempt to use the licence mechanism rather than the franchise agreement mechanism means that it is very difficult for companies to plan their business when they enter into franchise contracts.

In conclusion, SSWT cannot agree to an uncostered and unfunded new licence condition as proposed here.

Yours sincerely



Jan Chaudhry
Commercial Director

For and on behalf of Stagecoach South Western Trains Limited