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Dear Mr Mills

Periodic Review 2013 Consultation on Schedules 4 and 8 possessions and performance regimes

I am responding on behalf of Passenger Focus to the consultation on Schedules 4 and 8 possessions and performance regimes. This submission focuses on the broader principles rather than the more detailed technical questions asked.

We are pleased to see the debate refer to passengers. The passenger railway exists to transport people - it is a complex engineering and logistical operation but it must ultimately deliver the type of railway that passengers want. The same applies to regulatory incentives – they too must influence behaviours and outcomes that matter to passengers.

Our research continually emphasises the importance of a punctual, reliable, frequent railway on which passengers can depend. We see these priorities reflected when looking at the overall drivers of passenger satisfaction: punctuality is the biggest single driver of satisfaction while the biggest driver of dissatisfaction is the way that the industry handles delays.

Passenger Focus also has a body of research on disruption, both planned and unplanned. We are pleased to see this acknowledged in the consultation document, especially the key conclusion that passengers would prefer to stay on a diverted train than take a rail replacement bus service.

The more that the targets / incentives used in the Periodic Review 2013 process align with these passenger priorities and aspirations the more likely it is that the process will generate the type of railway that passengers value and want.

Schedule 4 and 8 are designed to help minimise disruption to passengers – something that fits squarely within passenger priorities - so we agree with ORR's conclusions about the need to continue with both.

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However, the precise extent to which they will act as incentives will clearly depend on how they are calculated/calibrated. Without getting into the technical detail in the report we agree with the broad concerns expressed in paragraph 18 that the level of compensation must:

- Not encourage train operators to run replacement buses in instances where there are alternatives
- Not reduce the incentive on Network Rail and train operators to work together in the best interests of passengers

The aim must be to incentivise operators against accepting Schedule 4 compensation payments for lack of track access in preference to taking any available opportunity to retain some level of rail service. Our research¹ showed that replacement buses will deter 55% of passengers from travelling by train altogether, and introduce a ‘weak link’ in the journey for those who persevere. While we acknowledge that progress has been made, the impression we get is that, culturally, the starting point remains how it is easiest to do the job and not how to do the job with minimal inconvenience to passengers. The options involving less impact on passengers (e.g. overnight working, single line working, diverting around) must be considered in collaborative discussions between Network Rail and train companies and, where appropriate, eliminated for coherent, transparent reasons. Only then should options involving buses be entertained.

Schedules 4 and 8 will clearly not drive behaviours on their own – they must work in tandem with other measures and incentives. For example, the existing possessions index ought to help reduce the volume of possessions and the number of bus replacement services. We think there is merit in accompanying this with a measure looking at the efficiency in use of possessions - though we don’t underestimate the challenge in working out how this can be calculated. We believe one of the key elements must be an assessment of whether the industry can demonstrate efforts to minimise total blockades and, in particular, the use of bus replacement services where options exist to divert or operate single line working etc. One option may be for a percentage of possessions (randomly chosen) being examined by the independent reporter from planning through to what actually happened.

Likewise, schedule 4 and 8 mechanisms must act in tandem with existing performance targets /incentives: e.g. punctuality (PPM) and Cancellations and Significant Lateness (CaSL).

The consultation document asks about the transparency of the process and the extent to which passengers should be consulted about possessions. It will come as no great surprise that this is something we would support – though, again, we do not underestimate the difficulty in doing so. It is right and proper to consult users over the timetable in normal operation so it must also be right to consult them when there is to be disruption. One of the clear messages from our research² into disruption is that passengers want early notice of changes and precise details of

¹ *Passenger Needs and Priorities for Planned Engineering Work. Passenger Focus. 2012*

² *Delays and disruption. Rail passengers have their say. Passenger Focus. 2010*



the alternatives that will be available. The earlier they know the earlier they can start to minimise the inconvenience involved. Making consultation part of the process ought to help ensure that these issues are captured and acted upon before final decisions are made. In effect, it puts the passenger voice alongside that of the engineer.

We note ORR's comments in paragraphs 30 and 31 on the issue of compensation to passengers for disruption to services; and in particular ORR's intention to explore consumer awareness of refund rights and compensation arrangements. Passenger Focus does not argue that the sum paid out by train companies in compensation for delays should necessarily equal that they receive in Schedule 8 payments from Network Rail. We do, however, wish to see passenger compensation arrangements improved.

For example, those train companies with a Passenger's Charter allowing them to refuse compensation in certain circumstances leave themselves open to particular criticism. Passengers who experience a delay caused by an 'excludable event', and who are denied compensation, understandably question a mechanism that nevertheless results in Network Rail compensating the train company over the same event. While the move to a 'delay-repay' model of compensation will reduce such instances it does highlight existing inconsistencies. This is something we have raised with the Association of Train Operating Companies (ATOC). There are various other recommendations surrounding compensation set out in our 2011 report³ and we would be glad to discuss these with ORR in more depth as part of its own investigation.

Yours sincerely

Mike Hewitson
Passenger Focus

³ *Train Operator Compensation Schemes. Passenger Focus. June 2011*