

# Passengerfocus Conference

## Speech by Parliamentary Under Secretary of State for Transport, Tom Harris

**Delivered: 8 November 2006**

Twenty years ago, rail was being written off as an irrelevant, outmoded form of transport. It was systematically starved of cash by governments of both parties and the prognosis was a slow and painful decline.

This government recognises that a healthy economy is very dependent on effective and efficient public transport. We believe rail should be an integral and thriving part of our national transport network.

That's why we have invested and we will continue to invest unprecedented amounts of money in the railway system. And we're now seeing that investment pay off.

There has been investment in major projects. The West Coast Mainline is being modernised and Britain's first dedicated high speed rail line - the Channel Tunnel Rail Link will be open next year.

Performance is improving. Delays are down by a third since Network Rail took over.

The number of trains running on time is the highest for seven years.

People are seeing newer trains and investment in stations.

They're travelling further by rail than in any year since 1946.

And for the first time since 1961, over one billion rail journeys are being made every year.

By any measure, these facts ably illustrate a growing success story. And what's more, passenger satisfaction is at an all time high. According to the latest research undertaken by Passengerfocus, four out of five passengers are very or fairly satisfied with their rail journeys. But we would be very foolish if we took growing passenger satisfaction for granted.

The importance of rail passengers having an independent watchdog was recognised in 1947 when the first Central Transport Consultative Committee was established.

When the Department published its White Paper in 2004, we called for a more independent and more focused passenger body. We wanted the passenger voice to be heard more loudly and more clearly. And just over a year ago, Passengerfocus came into being.

I recognise we aren't always going to see eye to eye on every issue, but that is not the point of Passengerfocus! But I think it's fair to say that we are essentially on the same side. And I have been very impressed with the work that Passengerfocus has done to date.

Indeed, the relationship between the Department for Transport and Passengerfocus has proved to be a very productive one. Because Passengerfocus takes an evidenced based approach in its campaigning, the rail user's voice is now seen as a very authoritative one.

In spite of what you might read in the tabloid press, Government has no vested interest in ignoring passenger concerns. The reality is quite the opposite. As the minister responsible for rail, I certainly want to listen to and take on board the concerns, views and experiences of rail users.

Rail services have two sources of income - the passenger and the tax payer. On the one hand, delivering the services users want has to be balanced on the other by giving the taxpayer value for money. And as the minister responsible, I'm only too aware that it can be a very fine balance at times. But I believe it is successfully achieved through the franchising process.

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First and foremost franchising allows government to determine how rail fits into its wider public transport objectives.

Franchising sets the level of service needed.

It protects the passenger from the power of unregulated monopolies.

It maximises the benefits of the network as a whole.

And the specifications for franchises can be varied over time to reflect changing market needs.

But just as I have no vested interest in ignoring passenger needs, nor do I have a vested interest in stifling the innovation and sound commercial judgement of franchisees. We want our private sector partners to fully play their part in the operation of an efficient and growing network.

I recognise the franchising process is not without its critics. The Transport Select Committee have published their report and we will reply in due course and I do not wish to pre-empt that reply.

For franchising to be successful, the competitors must have a "level playing field" in the bidding process. And having consulted with key industry figures, we've since simplified franchise contracts.

So, for example, to streamline the negotiating process, we've separated out the basic requirements we demand from all franchises.

To lessen the management burden on operators, we've reduced the number of key performance indicators.

And we've been determined to avoid micro-management by the Department.

Yes, franchisees have contractual obligations and outputs they are expected to fulfil. But equally, we want to incentivise operators to deliver the services we want to see, rather than beat them over the head with big sticks.

Very simply, franchising is all about maintaining high standards, it's about ensuring continuity and building better services in the long term.

I know many people here today have a particular interest the Midlands 3 franchises. So how does all of this apply to them?

Passengerfocus's own research identified 5 key priorities for passengers in the region. These are:

- Stations that are cleaner and more secure with better accessibility
- More trains on certain routes
- Better information
- Fares that are value for money
- And, not unreasonably, people want to be able to get a seat.

You wouldn't expect me to disagree with any of those fundamental needs.

We are carrying a third of a billion more passengers a year than a decade ago. But even though we have one of the fastest growing railways in Europe, passengers still have a right to expect reliable and punctual services.

So all Midlands 3 franchisees will be expected to deliver improvements in operational performance. And to accommodate future growth, bidders must find ways to operate more capacity on the network - more trains, more seats.

They'll also be expected to improve passenger security at stations so that people feel safe when they start and finish their journeys.

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And although it isn't linked to franchise replacement, the Department has created an 'Access for all Fund' to improve accessibility for the mobility impaired.

Finally, we want to see Smartcard ticketing being introduced in all three franchises. This will make it easier for passengers to buy and use inter-modal tickets.

As for the requirements placed on individual franchises, in the case of New Cross Country bidders, we want to see them price for 30% additional capacity on key routes.

A new timetable will simplify operations and improve punctuality. And we've restructured services on the route to align more closely to the largest markets - so more people will be able to benefit from the service than ever before.

West Midlands franchise passengers will enjoy a new hourly service from Trent Valley towns to London via Northampton. This will also allow faster, more frequent trains to run between London, Manchester and Birmingham on the West Coast Main Line.

And for the East Midlands franchise, we want to see the successful bidder provide a new service between Kettering and London. We also want longer trains and a priced option for a new station at Corby.

Additionally, in 2008 there'll be a new station serving East Midlands Airport.

There'll be faster journey times on the East Midlands intercity routes too. And we want a new local service to run between Nottingham and Derby.

I know that Passengerfocus asked for a number of improvements to be incorporated into these franchises. And where possible we've tried to respond to those requests.

So, for example, there are issues about the involvement of local stakeholders in the West Midland franchise. But under the new operating regime, as with all other Passenger Transport Executives around the country, Centro now has an option to buy additional services to suit local needs.

I also appreciate there have been concerns about loss of linkage and through journeys on Cross Country services. In fact we believe that the majority of existing passengers will enjoy an improved service.

So, we have been listening to passengers, and we have responded to the issues raised. And now is an opportune moment to thank Passengerfocus for all the work you did on the Midlands 3 franchises.

And I'd also like to add a word of thanks regarding the announcement on zonal fares in London. Your support is vital if we're to make progress.

I appreciate one of the biggest concerns among passengers in the West Midlands is Birmingham New Street which I used this morning. I understand your concerns and the case for investment is under consideration. I understand them better from having been to New Street.

We're currently considering the viability of proposals put forward by Birmingham City Council. And all I can say for the moment is that decisions on this or other options for upgrading the station are expected to be taken during 2007.

It's no accident that identifying demand and creating additional capacity to meet evolving customer needs are at the very heart of the franchise bids. These are expected to be the cornerstones of the White Paper which will be published next year. This will provide a long-term strategic view of the railway.

It will consider likely changes in passenger demand. It will consider the impact of rail and other forms of transport on the environment. And it will consider how new technology could enhance rail services.

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But the immediate need is for a more flexible rail network. To achieve this, a key element of the 30-year framework will be the High Level Output Specification.

For the first time, Government will be able to specify very clearly what it expects from the railway. We'll set out how we intend to meet growing demand. We'll define the level and standard of service we wish to buy - and explain how much we can afford to buy.

Working in partnership with the industry, the High Level Output Specification is all about maintaining high standards. It's about building better services over the long term. And it's about ensuring continuity between all those who deliver better and safer services.

I believe our railway network has an important role to play in the future prosperity of Britain. It's taken time, organisation and a great deal of money to turn decades of slow decline into a growing success story. But the industry has been turned around and franchising has been very integral to that success story.

It's not been easy. There have been many challenges along the way. But we now have a structure for the industry that makes sense. Gone are the internal bickering and conflicts that only served to hinder rail's revival.

Instead, we have track provider and train operator working hand in hand to deliver services that are better for both the passenger and the taxpayer.

Every day nearly three million people choose to travel by train in Britain. For whatever reason, we won't always get their journeys right. But I know that if we're getting something seriously wrong - the one body who will accurately tell us how and why, is Passengerfocus.

Given the impressive work it has done to date, long may that continue to be the case.

Thank you.

*(This speech represented government policy but the words may not be the same used by the Minister.)*