

Notes of the Stakeholder event, 9 March 2017

Summary of key points from the Economy, Infrastructure and Skills Committees stakeholder event on the rail franchise and Metro Delivery.

Members present: Russell George, Jeremy Miles, Vikki Howells, Mark Isherwood, David Rowlands and Hefin David.

Purpose

The aim of session was for Members of the Committee to hear the views of key rail and public transport stakeholders as part of their inquiry into the Wales and Borders rail franchise and Metro delivery.

The event was attended by representatives from the following organisations: Wrexham to Bidston Rail Users' Association, Transport Focus, Bus Users Cymru, Chester-Shrewsbury Rail Partnership, Cambrian Railways Partnership, Heart of Wales Line Development Company, Railfuture Cymru, YHA, Telford and Wrekin Council, Shropshire Council, Shrewsbury - Aberystwyth Rail Passengers' Association, Marches Rail Users Alliance and Leominster Rail User Group.

Assembly Members facilitated round table discussions on the following four themes: preparation for the franchise and stakeholder involvement; franchise specification; rolling stock; and the franchise management model and relationship with Network Rail. Members provided feedback on each group discussion to all participants.

Key points relating to preparation for the franchise and stakeholder involvement

Engagement from the Welsh Government, Transport for Wales (TfW) and the bidders and the need for further engagement

- Levels of engagement varied among attendees. Many stated that they had not been sufficiently involved in the procurement process to date, whilst others noted that there have been sporadic periods of information followed by periods of inactivity.
- Some rail user groups have adopted a proactive approach and initiated discussions with the bidders. Those that had met with the bidders noted that they had received very little feedback following these discussions and that it was unclear whether their views had been fed into bid development.
- Many stakeholders representing user groups in England said that engaging with the process had not been easy and that the information provided by the Welsh Government and Transport for Wales had been “inconsistent and selective”.
- Some felt that cross-border links needed to be much stronger and raised concerns around the adequacy of representation for English passenger during franchise procurement and future operation.
- Issues with the venues and timing of Welsh Government stakeholder events were identified by some individuals. Stakeholders indicated that they would welcome an additional event in Chester and later start times to enable them to attend.
- The consensus among stakeholders was that, whilst some information was provided at the start of the process, there has been an inadequate level of engagement to date.

Risks or opportunities presented by the competitive dialogue process and the transparency of the procurement process

- Several stakeholders highlighted that, whilst the competitive dialogue process lends itself well to the Metro element of the procurement, the more typical Wales and Borders franchise could have proceeded outside of the process which would have enable a greater level of transparency.

- It was noted that it is difficult to comment on the effectiveness of the process, as it remains unclear as to whether the final specification will be fit for purpose. Bidders were provided with the Welsh Government’s priorities at the start of the process but their initial solutions to these have not been made publicly available due to commercial sensitivity.

Key points on the franchise specification

The franchise map and issues for English regions in the franchise area

- Many attendees stated that the franchise map should remain similar. Some attendees called for the addition of the Gloucester to Cheltenham route and others noted that decisions relating to the route map should be considered from the passenger perspective. Several attendees stated that there would be more accountability from an English perspective if the operator changed at Shrewsbury.
- Other stakeholders noted that it would be a “huge retrograde step” if services were truncated at arbitrary boundaries as administrative boundaries and that borders don’t matter to passengers.
- There was concern that reinvestment of surplus profits generated through the partial not-for-profit operating model will favour Welsh priorities ahead of those of the Border regions.
- There was support for participants who suggested the Department for Transport and English regions should be involved in management, through the inclusion of an English board Member on Transport for Wales and an advocate to the Welsh Government.

Service frequencies and additional services

- It was suggested that the Welsh Government should consider improved service frequency around key towns to maximise franchise revenue and rail use.
- There were several calls for additional and improved services under the new franchise, including Bristol to the Marches, better connections to the Midlands, direct services between Swansea and Bristol and better links to Birmingham and Manchester Airports. The crowding and service levels on services to Birmingham were described as similar to those on the Valleys lines.

Accounting for growth

- There was consensus among attendees that the new franchise needs to contain enough flexibility to allow the Operator and Development Partner, Transport for Wales and the Welsh Government to account for growth in passenger demand.
- Some individuals emphasised the need to move away from the current ‘zero growth’ franchise arrangement and ensure that there are no financial disincentives that would prevent the successful bidder from accommodating increased service demand.
- It was suggested that there is currently suppressed passenger demand under the existing franchise and that the new franchise needs to enable potential passenger growth to be accommodated fully.

Key points relating to rolling stock

Key standards for rolling stock

- Rolling stock must be tailored to the type of service. Different rolling stock specifications are required for different parts of the franchise area given that the requirements for suburban, intercity and urban services differ. Examples included the need for multiple doors on commuter services and additional luggage storage space and a focus on comfort on intercity services.
- The new franchise must ensure that rolling stock is compliant with disability access regulations and include a requirement for toilets, Wi-Fi, better audio and visual information, adequate seating, bicycle storage and charging points.

- Some stakeholders emphasised the need for maximum flexibility by ensuring carriage couplings are standard across the fleet.

The shortage of diesel rolling stock

- Many stakeholders emphasised the urgent need to identify a rolling stock solution.
- One individual felt that issues around rolling stock availability were not as a result of a true shortage but a technical shortage resulting from the current franchise agreement which has not incentivised the current operator to act.

Rolling stock procurement

- Options for new rolling stock were considered to include: piggy backing onto existing orders, such as those being procured by Merseytravel and by the Northern franchise; the Welsh Government ordering new stock through a rolling stock operating company (ROSCO); the Welsh Government procuring its own stock and leasing this back to the new franchise operator; and the four bidders working out a collective purchasing / procurement arrangement at the earliest opportunity with a mechanism for stock to be leased by the successful bidder.
- There was consensus around the need to act quickly if new trains are to be procured.
- Stakeholder broadly supported the idea of the Welsh Government acting as a ROSCO and procuring rolling stock.
- The award of a franchise of sufficient duration to enable the successful bidder to invest in stock was suggested as an alternative solution.

Key points on the franchise management model and relationship with Network Rail

Concessionary model

- Some attendees indicated that the franchise could be let as a concession or franchise, but that decisions around the operating model should be driven by whichever delivers the best outcome for passengers. The London Overground was cited as an example of a concession that works well.
- Other suggested that a concession model may restrict innovation. There was consensus around the need to incentivise the successful bidder to pursue passenger growth and maximise revenue.

The Role of Transport for Wales in the longer term

- Rail services in Wales need a single point of accountability to oversee coordination of services. It was suggested that this could be Transport for Wales.
- Some stakeholders highlighted the role of local management in developing and implementing bespoke solutions given that the nature of services within the Wales and Borders franchise area is highly variable.

The relationship (or “alliance”) between Network Rail and the franchise operator

- There was consensus among attendees around the need for a closer alliance between the franchise operator and Network Rail. It was considered that a closer alliance could help to address the unsatisfactory management of disruption experienced under current arrangements.
- Some suggested that a deep alliance, inclusive of a joint management team with shared targets and incentives, should be the minimum requirement. Others emphasised that the relationship must be driven by a focus on outcomes for passengers. A deep or shallow alliance could be suitable, as long as it delivered better outcomes and a better quality of service.

Vertical integration of Metro infrastructure

- There were no strong objections to proposals to vertically integrate the delivery of Metro infrastructure. Some stakeholders did, however, identify the need to consider the implications for freight services and other franchise operators.
- Some attendees stated that vertical integration is best suited to largely passenger-only lines such as the Valley lines.

Additional comments

- Some stakeholders highlighted that the Welsh Government's intentions for community rail are not known but that bidders have shown interest during initial discussions. The Northern model, which specifies funding for community rail as part of the franchise, was cited as an exemplar of good practice.
- There is a need to establish better accountability to passengers and require operators to publish detailed local punctuality data in an accessible format.
- Operator performance must be benchmarked against franchises from across the entire rail network of Great Britain.
- The importance of English infrastructure, such as the Halton curve, for the Welsh franchise was emphasised.
- Some stakeholders felt that Transport for Wales should not rush the franchise award and that there should be sufficient opportunity for stakeholders to assess and feed into the final franchise specification. It was suggested that, given the challenging timetable for the procurement, consideration should be given to a direct award to the current operator to continue the franchise past 2018.