

Campaign for Better Transport

Rail Executive

# Passenger's Guide to Franchising

Campaign for Better Transport

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**Introduction by Stephen Joseph**

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# Introduction

**Stephen Joseph**
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**This guide has been designed and written specifically for passengers. The main aim is to demystify the railway franchising process. Rail franchising is where contracts to operate passenger railway services in Great Britain are awarded to private train operating companies for a limited period of time following a detailed bidding and competition process.**

The process for this is complex, so Campaign for Better Transport and the Department for Transport's Rail Executive are providing this clear and simple guide to understanding the passenger rail franchising process and how passengers can have their say before, during and after a franchise competition is run.

Both organisations want to ensure that the most important part of the railway network, its passengers, understand and feel able to contribute, use their voice and have their say on what happens to the routes they use regularly. Essentially we want to help enfranchise passengers in the railway franchising process.

Many passengers might not be aware that they can have their say and engage with rail franchising and we hope that this guide will empower passengers to share their thoughts and ideas with both the Department for Transport and the train operators themselves.

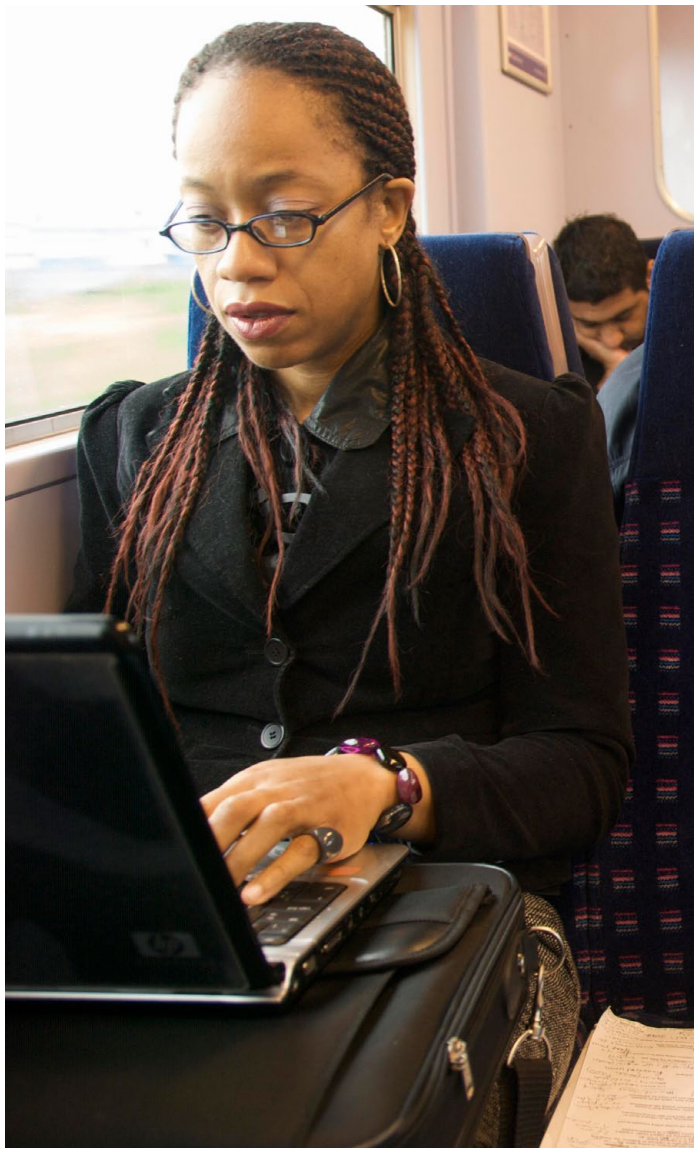
We understand that the way our railways are run can often be an emotive subject and this guide does not set out to take a position of what is right and wrong with the franchising process but merely to simply outline the system that exists in an independent and clear way.

The *Passenger's Guide to Franchising* will go through and answer some of the frequently asked questions and aim to cut through the deeply technical jargon to provide a simple but effective guide that will be updated regularly as the franchising system evolves.

Rail franchises continue to come up for renewal over the next few years under the *government's rail franchising schedule* and we hope you find this guide a useful tool so that you feel empowered to use your voice and share your opinions to help shape the best possible outcome for rail passenger services across Great Britain's rail network.

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# Who runs my trains?



## Train Operating Companies

The majority of trains that run across Great Britain's rail network are run by privately owned train operating companies (TOCs). In total there are 28 different TOCs running on Great Britain's rail network but only 18 of these operate what are called franchised passenger services on the network. Those services not operated by TOCs as part of a franchise may be run as 'open access' operations, which are private companies operating commercial services without a franchise agreement; or as part of a concession arrangement with devolved administrations or local authorities.

As part of the franchises TOCs will operate and lease the trains, employ the staff, manage the majority of the stations on their network, run depots and train cleaning facilities.

TOCs are given a contract to provide these services by the Department for Transport (DfT), usually following a detailed competition process. Transport Scotland, Transport for London and Merseytravel also award contracts – and the Welsh government will be doing so soon.

These contracts are called franchise agreements and each TOC is responsible for meeting the full terms of their individual franchise agreements and are accountable to the DfT in doing so.

All passenger TOCs in Great Britain are privately owned. Where a TOC cannot be found or is unable to operate the service, government is required to step in to ensure services continue to run. The most recent example of this was on the InterCity East Coast franchise, which from 2009 was run by a government owned company, Directly Operated Railways Ltd. This franchise was awarded to Virgin Trains East Coast in early 2015.

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# Who runs my station?

There are over 2,500 stations across Great Britain with more than 20,000 daily train services running through them. Whilst several train operators may run services to individual stations they are normally managed by just one company or organisation.

Network Rail owns and operates 19 of the *biggest railway stations in Great Britain* whilst other stations are often run by TOCs.

You can find out who runs your station by visiting the *National Rail Enquiries website*.

Some stations are adopted by local community groups with volunteers assisting with the upkeep of their local station. See *What is community rail?* for more information.



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# Who decides the cost of my train fare?



There are two different types of train fares – **regulated train fares** and **unregulated train fares**.

**Regulated fares** are those that were set aside after privatisation for the government to oversee. They include most standard and saver return fares, as well as weekly, monthly and annual season tickets. They are mostly found on London and major city commuter routes as they carry the most passengers.

**Unregulated fares** are set by TOCs at commercial rates, and include first class and advance purchase fares. Price changes are entirely up to train operators. Unregulated fares include the lower cost advance purchase fares which have been introduced by a number of operators. This has helped to make some leisure travel services significantly cheaper for passengers who are able to book ahead and commit themselves to travelling on a specific departure, and has also helped to fill emptier trains

About half of rail fare revenue comes from regulated fares, the other half from unregulated fares.

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# Train fares and inflation

The money you spend on fares for rail travel makes up about 65 per cent of the money that is invested in the railway. Government uses this money to maintain the safe and reliable railway and to make improvements to the network. To do this while making sure that passengers are not charged too much, the policy of successive governments has been to adjust regulated train fares every year based upon annual inflation rates.

This is done by using a formula where they take the Retail Price Index (RPI) rate of inflation in July of that year to measure the annual fare adjustment. To support the massive investment in the rail network successive governments have chosen to increase fares above inflation by adding between one and three per cent on top of RPI, with the increase coming into effect at the start of every year.

The government has capped regulated fares at inflation (RPI+0%) for two years running, and will continue to do so for the life of this parliament (2016-2020). So if RPI was 3.1 per cent in July that year, regulated fares would be able to rise by an average of 3.1 per cent in January.



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# What is rail franchising?

The basis on which train services are provided has been in place since the Railways Act 1993 became statute. The first franchises came into effect in 1996 and replaced the government owned British Rail, immediately creating one of the first fully privatised railway systems in the world.

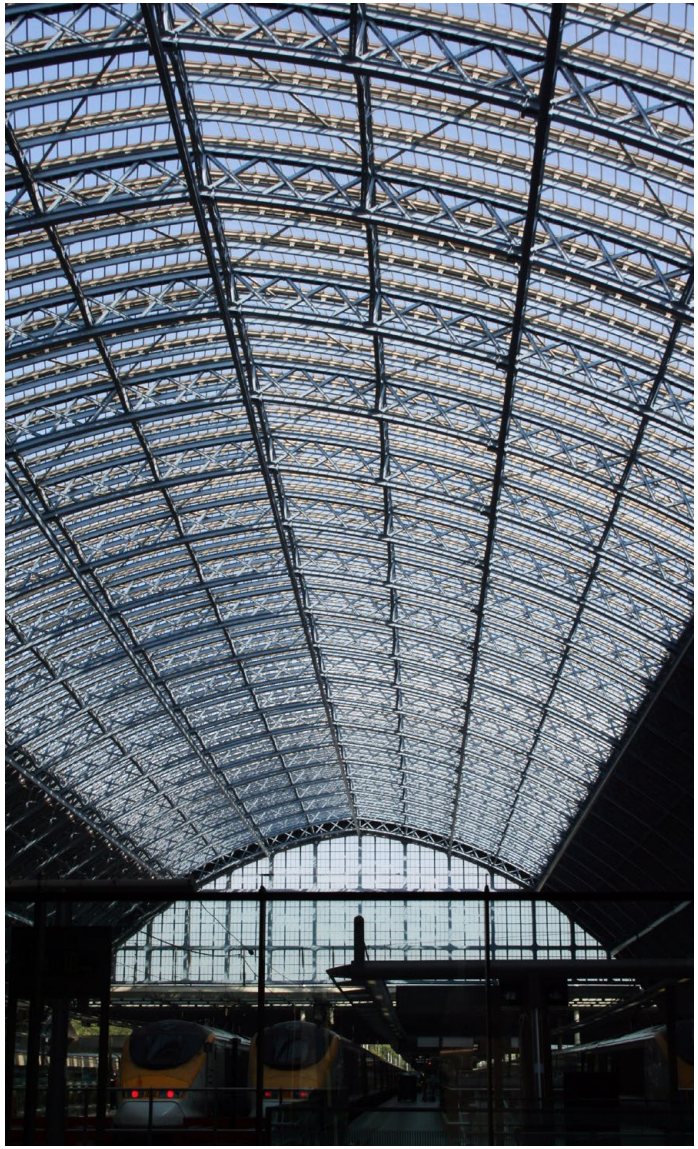
Private sector companies bid for the right to operate a franchise to the particular specifications and requirements set out by the government.

Based upon the bids submitted by the private sector companies, the government then picks which ever company it believes will deliver the best overall service for the franchise and crucially its passengers, whilst giving the best value for money to the taxpayer.

Since privatisation there have been two main types of passenger rail service on our rail network, these are:

- **Franchisees** – train operating companies (TOCs) who operate a contracted service on a particular part of the rail network under contract from the government and licence from the regulator. By far the majority of services running on the network are franchises.

- **Open access operators** - Companies are able to apply separately to the regulator the Office of Rail and Road (ORR) for access to 'paths' (specific parts of the overall National Rail timetable) to operate their own services– where these applications are successful the operators are classed as **open-access operators**. These operators are purely commercial enterprises and not franchise holders and have a different set of charges and costs of their own. There are currently five open access operators running on Great Britain's rail network.



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# What does a rail franchise include?





No two franchises are the same. By their very nature they run on different rail lines and routes, having different requirements and specifications; such as serving inter-city main lines or rural branch lines.

The rail franchising process involves the government setting specifications and requirements for what it would like a franchise to achieve over a set time period. These specifications and requirements can include:

- Level of train service
- Station upgrades
- Train upgrades
- Overall performance targets
- Passenger satisfaction targets
- Fares and ticketing improvements

On winning a franchise competition companies become franchisees and have the right to operate passenger services over a proportion of Great Britain's rail network as a commercial enterprise within the contract agreed with the government; what is known as a franchise agreement.

Franchise agreements include details of the performance standards that franchisees must meet and arrangements for what remedial steps will be taken including the possible termination of a franchise if they fail to meet these standards or to deliver the benefits to passengers that were promised when they won the franchise competition.

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# Why should I engage with franchising?

The franchising process is a crucial time for influencing government and TOCs as it is when key decisions are being made about your service. You can share your thoughts and views on a franchise with the DfT at any time but the best time to influence and achieve changes to your train service is during the franchising process.

There are two stages where you can engage with the franchising process; these are the **stakeholder engagement** and the **public consultation** stages. This is known as the **specification phase** of the franchising process and is when decisions on changes can be influenced by the people that need them most, the passengers. The government will let you know when these stages are happening on the franchises that affects you.

The **public consultation** is the key point where you can really make your voice heard on specific questions and options that government are considering for your rail services in the next franchise. Every franchise competition creates a formal document that provides information about the franchise and the options being considered so that you can provide your views.

The Northern and Trans-Pennine Express franchise award is a recent example of how public engagement really can have an effect on the franchising process. Over 20,000 people responded to the public consultation which helped shape the requirements for the future franchise as set out by the DfT.

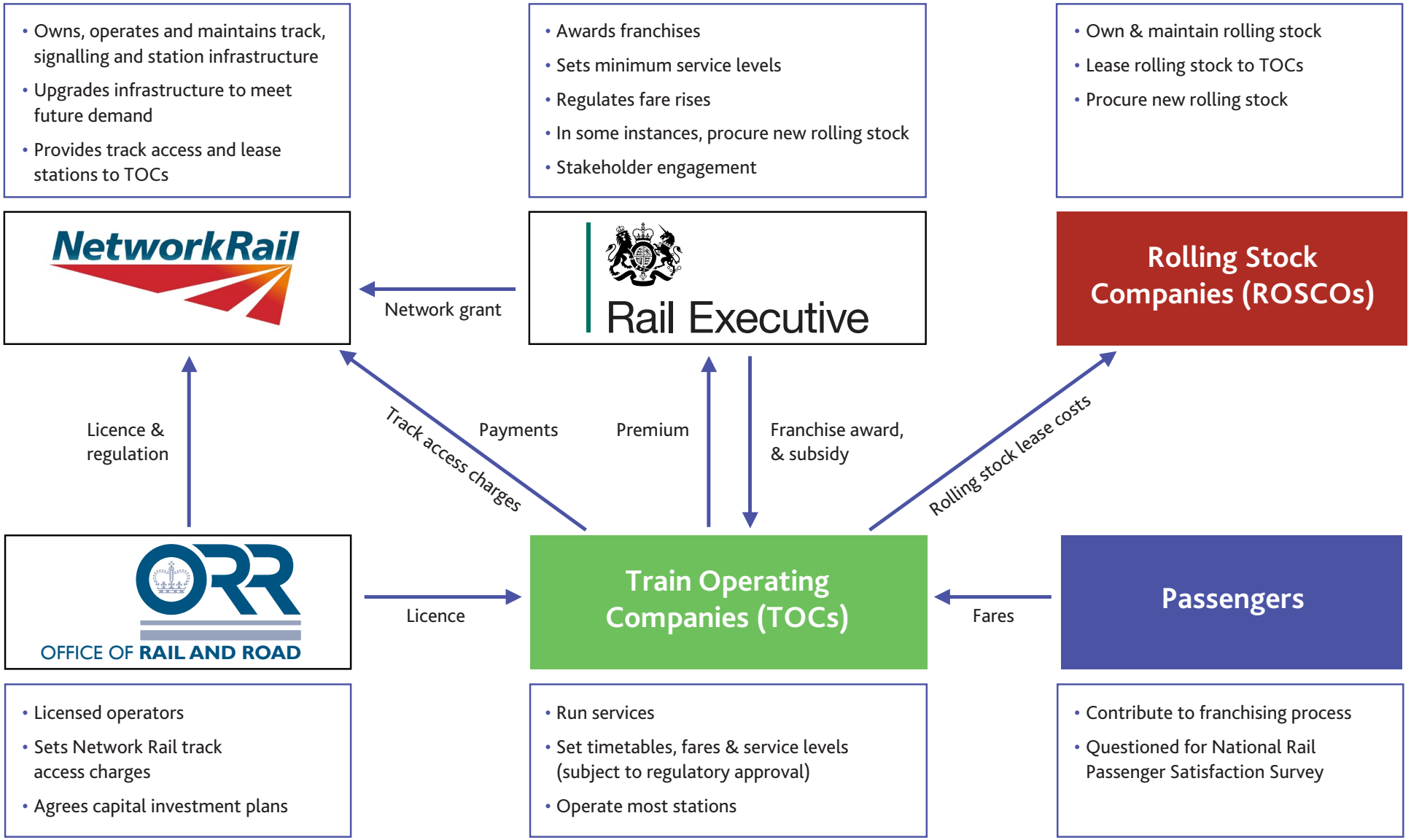
Passenger groups like Campaign for Better Transport, local rail user groups, and Railfuture may very well be able to help you with your response to a public consultation, so do not hesitate to get in touch.





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# Who is responsible for what on the railway?



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# Who is responsible for what on the railway?

## Network Rail

Network Rail owns and operates Britain's entire rail infrastructure, including tracks, signals, most stations, tunnels and level crossings. Network Rail employs 32,000 staff and owns more than 2,500 stations. It is responsible for maintaining and enhancing the railway and takes a system wide approach.

Network Rail was set up on 25 March 2002 to buy Railtrack - then the private-sector owner of Britain's railway infrastructure - which it did on 3 October that year.



## Department for Transport

The DfT sets the strategic direction for the rail industry in England and Wales – funding investment in infrastructure through Network Rail, awarding and managing rail franchises, and regulating rail fares

In Scotland this is the responsibility of Transport Scotland and in Northern Ireland it is the responsibility of the Department for Regional Development.

The Department for Transport is in charge of the whole franchising process from planning the franchise competition to evaluating the franchise bid and awarding the franchise. They also oversee the management of every franchise.

As a government department the DfT can be contacted for comments regarding a franchise at any time, however they are not responsible for handling passenger complaints about a franchise or TOC. Rail complaints are dealt with by the train operator and Transport Focus. See *How do I complain about my train service or station?*

## Train operating companies

TOCs are the private sector companies that run rail passenger services across Great Britain's rail network, normally leasing and managing stations from Network Rail and trains from rolling stock companies. TOCs are the consumer face of the rail industry, employing thousands of staff to deliver for passengers.

## Rail Delivery Group

Set up following the government's McNulty Report in 2011, the Rail Delivery Group brings together the owners of Britain's passenger TOCs, freight operators and Network Rail to provide leadership to Britain's rail industry and suggest policy proposals to government.

## Association of Train Operating Companies

The Association of Train Operating Companies (ATOC) is a commercial body that represents the 23 member TOCs that provide passenger services on the UK rail network. ATOC is an unincorporated association owned by its members. It was set up by the train operators under the Railways Act 1993.

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# Who is responsible for what on the railway?

## Office of Rail and Road

The Office of Rail and Road (ORR) is the independent safety and economic regulator for Britain's railways and monitor of Highways England. They are classified as a 'non ministerial government department.'

The ORR's remit is to ensure the railway network operates safely, reliably and provides value for taxpayers and passengers. They effectively safeguard the public and the railways workforce by regulating the rail industry's health and safety performance.

They also hold Network Rail to account requiring it to provide passengers with a punctual, reliable service. It also makes sure that train and freight operating companies have fair access to the rail network, and that the market is competitive and fair.

The ORR is part of all franchise competitions. At the final stage of the award process the ORR is consulted on whether each bid would qualify for the relevant safety certificates needed in order to run the franchise.

## Trade unions

Trade unions have been a fundamental part of our railways for well over one hundred years, representing the interests and safety of railway workers across the whole railway network.

- National Union of Rail, Maritime and Transport Workers (RMT)
- The Transport Salaried Staffs' Association (TSSA) and
- The Associated Society of Locomotive Engineers and Firemen (ASLEF).

Collectively these three rail unions have around 125,000 members spread across the UK and Ireland.

## Rolling stock companies

Rolling stock in the UK is generally privately owned and financed. Rolling stock companies (ROSCOs) and other financiers own the trains that operate across the rail network. They have important commercial and technical functions and lease their vehicles to passenger and freight operators. They plan for the use of their assets beyond the franchise term, which is typically shorter than the life of a vehicle.

Train procurement is normally led by TOCs as part of the franchising process, with competitive bidding for both the manufacturing and financing of vehicles.



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# Who is responsible for what on the railway?




## Transport Focus

*Transport Focus* is the independent passenger watchdog, set up by the government to represent the interests of Britain's rail passengers outside of London. (For London – see London TravelWatch). They also represent bus, coach and tram passengers. Since March 2015, Transport Focus also represents road users.

Transport Focus are an evidence based organisation who carry out research into key issues and campaign for improvements. They produce a twice yearly *National Rail Passenger Survey* which is recognised by the DfT and can also be used as part of a franchising bid by an incumbent train operating company.

Transport Focus also offers *information and advice to passengers* and can pursue complaints on behalf of passengers that train companies have failed to resolve.

## London TravelWatch

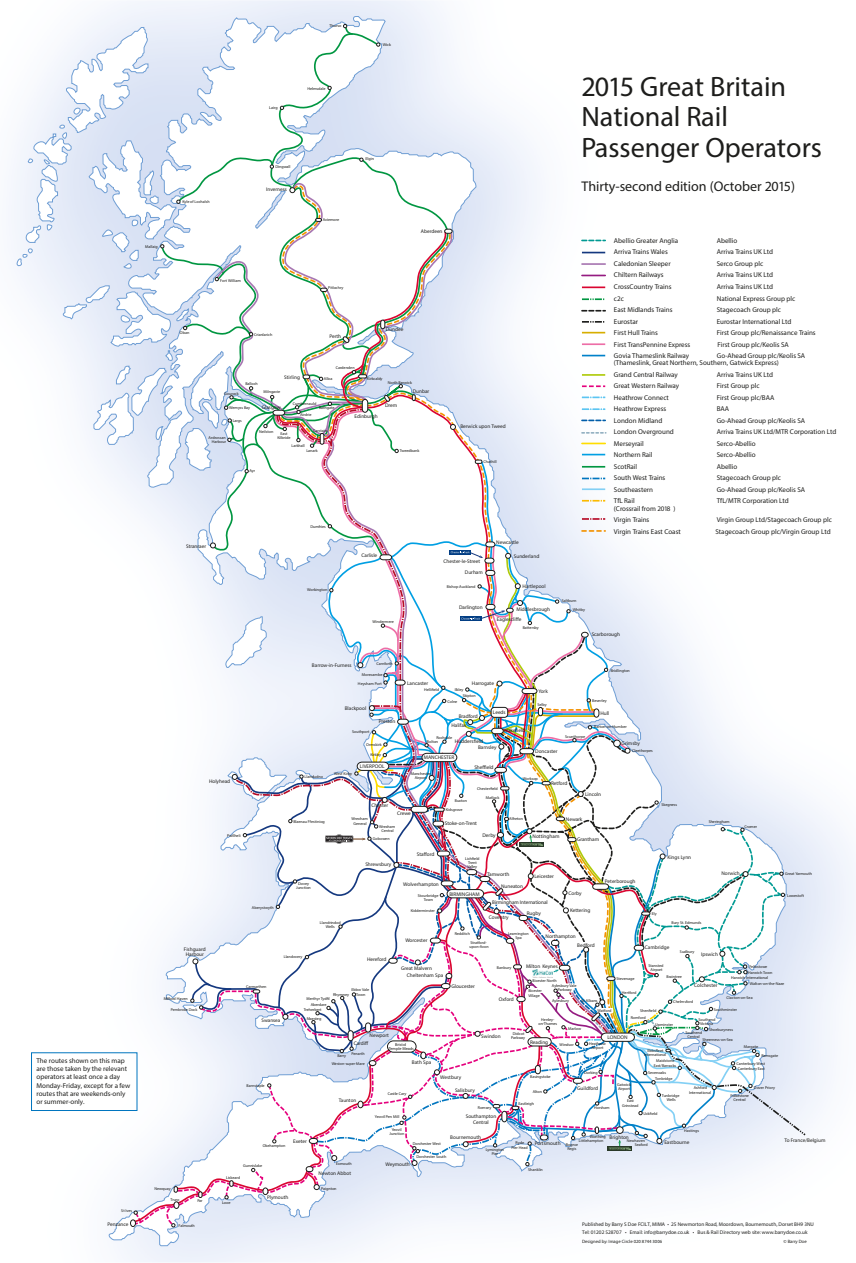
*London TravelWatch* is the independent, statutory watchdog for transport users in and around London. Funded by the London Assembly. They perform a similar role to Transport Focus but the remit is the London and Greater London area only.

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# Franchising map of Great Britain

The rail network in Great Britain extends for almost 10,000 track miles with over 2,500 stations. Rail expert Barry Doe has created a detailed map of national rail operators, showing each train operator company and which routes they run on.

Click on the map to go and download a full size version from Barry Doe's website.



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# You can make a difference to your railway




There are always opportunities for you to make improvements to your train service or station during a franchise contract, by contacting your train operator directly or through rail user groups or community rail.

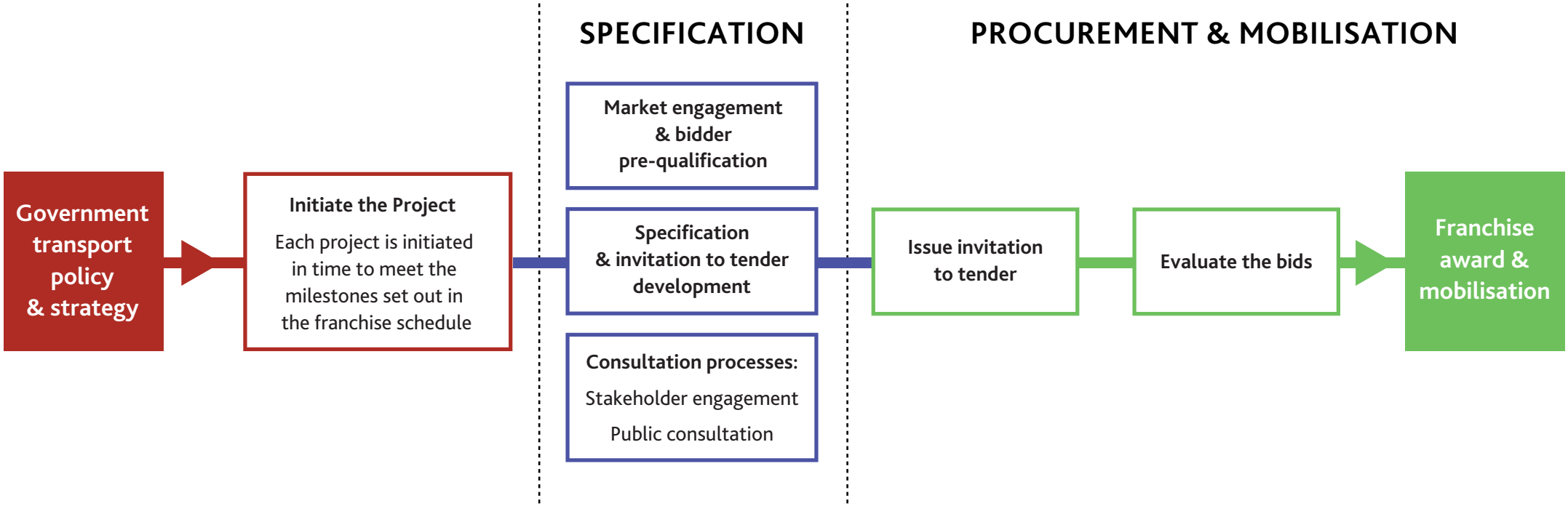
Franchising can appear to be a complicated, often mystifying process, but, over the last few years, following work by Transport Focus and the DfT there are now clear opportunities to have your say and influence the franchising process, to achieve improvements or changes to your rail service.

Your views, as a passenger, or member of a rail user group can really make a difference to what happens to your train service, railway line and station.

The specifications for new rail franchises provide an important opportunity to seek improvements in a rail network that will ultimately benefit passengers. When a franchise is up for renewal there is a short window of opportunity for passengers to input and suggest improvements in areas such as rolling stock, services, train fares, and even reopening railway lines and stations.

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# What are the most important stages for passengers?




The key stages of the franchising process that are most relevant to passengers, other stakeholders and rail groups are the **public consultation and stakeholder engagement** stages, with the most important being the **public consultation**. These inform the specification of the franchise itself, known as the invitation to tender; once that is set it is much harder to influence the outcome. Stakeholder engagement and public consultation happen during the specification phase of the franchising process. A more detailed view of the franchise competition process can be found via the DfT's *Rail Franchising Competition Guide*. Once the **stakeholder engagement** and **public consultation** stages are complete, a comprehensive **stakeholder briefing document** is published by the government which shows the results of these two stages.

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# How does stakeholder engagement work?






As a passenger you are a stakeholder and the government wants to hear from you! As each competition begins the government has a lot of information to gather and ideas to collect and many of them can come from passengers and interested parties just like you.

To do this, the government starts the process of engagement by trying to identify and inform as wide an audience as possible because this is the time where there is the most opportunity for stakeholders to shape the franchise. As the process goes on it gets much more restrictive and harder to do so.

The views and opinions of all stakeholders are listened to and then used to design the public consultation stage. The part of the DfT that deals with franchises and franchising (Rail Executive – Passenger Services) has a team dedicated to engagement that is happy to hear from the public anytime. If members of the public have views and opinions about a particular franchise then it is important that these are shared, either directly to the train operator or with passenger groups and rail user groups.

The DfT will also accept passenger views and comments about a franchise, however complaints about a train service must be directed to the TOC and then to Transport Focus or London TravelWatch.

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# What does a public consultation process involve?

All franchise competitions must have a formal public consultation period where members of the public, rail user groups, stakeholder organisations, affected transport authorities and devolved administrations can respond to share their views as to what the new franchise should look like.

The consultation is carried out in accordance with *Cabinet Office consultation principles*. The minimum time for a consultation to be open for responses is 6 weeks but generally they should last at least 12 weeks.

The Franchise Project Team from the DfT identifies the areas and matters on which the consultation should take place such as rolling stock, stations, staffing and train fares.

The public consultation process can differ from franchise to franchise but usually involves the following stages:

- Franchise project team produces a draft consultation document
- Ministers approve the public consultation document and it is published on the government's website
- Approximately 12 weeks is allowed for the public to respond to consultation
- Public consultation events are held across key areas the franchise covers to promote the consultation and hear directly from the public
- Responses are recorded and analysed by the project team
- A stakeholder briefing document is published that includes an analysis of public responses and a review of the final franchise specification with summary explanation for how the DfT has taken account of the public's views in its choices.





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# How to respond to a consultation

There is no specific right way to respond to a public consultation on rail franchising. Each public consultation reflects the nature of the individual franchise and, just as all franchises are different, so is each consultation. Each consultation sets out key facts and objectives of the franchise and provides information about the options being considered before asking a specific questions about some of those areas.

When responding it is most helpful to answer the questions being asked and not just the questions you want to be answered. The DfT often receive thousands of submissions to consultations so, to help make sure your views are heard and properly interpreted it is helpful to stick to the questions as much as possible.

There is usually opportunity to add further comments at the end of the consultation. Whilst each consultation is different they do generally focus around four key areas which include:

- Information about the current franchise
- Indications what the specifications and requirements of the franchise will include
- Information about the bid process and the evaluation process
- The rail market, rail policy, and key events and projects which will impact the franchise

Example questions and answers taken from a recent franchise consultation are shown below:

**Question:** *"Where, if anywhere, would you like to see any changes to weekend trains on the X network and why? Do you have any evidence to support this?"*
**Answer:** *"Poor evening services are a big concern for many people. Evening and weekend services must be protected and improved on some lines to provide for increasing flexible working and for non-work journeys."*

**Question:** *"What factors may impact on demand for travel on the new franchise? Please provide evidence."*
**Answer:** *"I want to see more investment in trains, stations and service levels across the north of England. Improving each of these areas will mean more people wanting to use the trains. Smart ticketing across different modes, and real time information, will also get people using public transport, as London's experience with Oyster cards has shown."*

**Question:** *"What are your proposals for providing passengers better and safer access to different modes of transport at stations (including bus, tram, cycling and walking?)"*
**Answer:** *"Public transport is most useful and most used when it is joined together. I want X franchise to be part of an overall strategy for public transport.*
*This should include:*

- *Better information on services and on connecting public transport, including real-time information*
- *Through door to door ticketing including smartcards*
- *Better connections between rail, bus and tram services, with feeder buses from surrounding areas to railway stations*
- *Better links between rail and other modes of transport*
- *Better timetables and station design to bring different transport modes closer together*
- *Better station facilities with wifi, safe access for all and secure cycle parking*
- *Better walking and cycle links between stations and town centres*
- *Trains that can accommodate people with mobility problems, and those with cycles."*

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# Transparency – what passengers have a right to know

Under freedom of information law passengers have a right to know details of the franchise process although much of it is exempt due to commercial sensitivity.

There is a *public register of all rail franchise agreements* available from the DfT website. These franchise agreements detail exactly what has been agreed in the contract between the government and the TOC.



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# What is a stakeholder briefing document?

The stakeholder briefing document is the report based upon the results of the stakeholder engagement programme and the public consultation. It is usually published at the same time as the invitation to tender and sets out what was asked, what you said and how it was taken into account in the specification.

This is used to inform stakeholders and passengers about how many people responded, who and what organisations responded and a detailed breakdown of what the responses were. This analysis is then used to help finalise the **procurement phase** of the franchise competition.

# What happens after the public consultation stage?




Following the public consultation and publication of the stakeholder briefing document the **procurement phase** begins. The procurement phase is highly technical and includes the following stages:

- Pre-qualification questionnaire (can sometimes happen before or after the public consultation stage)
- Invitation to tender
- Bid evaluation
- Franchise award

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# What is pre-qualification?

The purpose of pre-qualification is to identify bidders for the franchise that the DfT would be ultimately happy to award the franchise to subject to them submitting a good value bid. The ultimate objective for pre-qualification is to secure a high quality and manageable field of competent and appropriately experienced bidders.

To make sure the benefits are secured without costing too much for the taxpayer the field will normally number between three and five bidders, occasionally but rarely this number is higher. The reason a higher number of bidders is rarely sought is because any number higher than five would lead to higher costs for the DfT, without adding a commensurate benefit by adding significant competition to the field.



# What is an invitation to tender?

The full invitation to tender (ITT) sets out in full detail the specification that the government wants pre-qualified bidders to meet. It is put together taking account of all the work that has gone on previously to understand what the requirements of passengers and the franchise should be. To make sure that private companies are able to use their skills to offer the best benefits for passengers the specification sets out only the minimum requirements.

This normally comes in the form of a very detailed ITT pack which includes minimum requirements, the draft franchise agreement, financial information and evaluation guidance. It is at this point that passenger, stakeholders and other groups who have contributed to the franchise consultation process can see how their representations and input have been used to shape the future franchise.

The ITT pack is published on the DfT's part of the gov.uk website and is therefore fully visible to everyone. The deadline for bidders to submit their bids once the ITT pack has been published is normally 90 calendar days but is specified within each ITT.

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# How does the bid evaluation work?

Once all the bids have been submitted by the shortlisted bidders the process of evaluation begins. Here government wants to assess which bid puts forward the best range of benefits for passengers and taxpayers within the terms of the franchise specification and the strict rules that the ITT sets out.

To make sure that these benefits are properly assessed the DfT employs a team of specialist experts from across the rail industry to carry out the process. This team assess the bids against the criteria set out in the ITT for the franchise; seeking to find the most economically advantageous tender; ie the bid that scores highest overall on both price and quality. Government doesn't just want to appoint the bidder that has the best price but also the bid that will give passengers and the railway real benefits over and above what was in the specification.

Each member of the bid evaluation team carries out their evaluations independently. Each member produces an evaluation report setting out their conclusions on each section, together with the rationale for their final conclusion.

At this point what's called a 'lead bidder' is identified from the evaluation process and it is necessary for their financial models to be independently audited against the franchise requirements and specifications in the ITT. Finally the DfT's evaluation processes are also subject to an independent audit.

# How does a franchise get awarded?

In order to award the franchise to the lead bidder the DfT's Franchise Project Director obtains Ministerial approval to award the franchise. The lead bidder is invited to sign the franchise agreement and associated documents after Ministerial approval is given.

Due to the highly sensitive nature of any announcement, notification of the winning bid is sent to the London Stock Exchange and winning and losing bidders simultaneously. At the same time the government will tell the public and you what the bid promises to deliver and the benefits and services you will get from the new franchise as a result of all the hard work in the competition.



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# Why do some franchises need subsidising by the government whilst others make money?

All franchise agreements contain what is called a 'franchise payment', this is either money paid to government by the TOC, called 'premium'; or money paid from government to the TOC, called 'subsidy'.

The amount and direction of this payment is agreed at the point the franchise agreement is signed and may vary throughout the life of the franchise, sometimes even changing from subsidy to premium or vice versa. This payment is determined by looking at the expected cost base of the franchise including track access charges, rolling stock leasing costs, profit margin, staff costs and the expected revenue of the franchise which is passenger fares, retail and catering.

If the expected cost of running the franchise exceeds the expected revenue, as it does on some franchises with more complicated or less popular services, then the franchise will receive a subsidy from government. If the expected revenue exceeds the expected cost base, as is more common on commuter and intercity franchises, then the franchise will pay a premium to government.

Train operators earn revenue primarily from fares and from government subsidies. Railway stations are generally leased from Network Rail, the central government body responsible for railway infrastructure, and many TOCs earn rental income by sub-letting parts of them, for example to retailers and offices.

Train operators' main costs are the track access charges they pay to Network Rail for the use of the railway tracks, the payments to lease rolling stock from rolling stock companies, the costs of leasing stations and of employing staff.

It is crucial to note that a TOC that pays premium is not necessarily making a profit, and one that receives subsidy is not necessarily making a loss. The profit line is part of the cost base of the franchise and, as a flexible cost, may be varied if the revenue is not what is expected in order that the TOC can make the franchise payment.

## Subsidies to train operating companies

Government subsidy to TOCs is payable to fund the more socially necessary services that might not otherwise be provided, often on branch lines. If the specified services will cost more to provide than they will earn in revenue, then the franchise will require government subsidies.

The amount and the timings of the payments are usually agreed through the terms of the franchise agreement; these are then paid by the DfT to the operator.

## Premium payments from train operating companies to government

If the franchise is expected to have greater revenues than costs, then government will want a share of the returns, known as premiums. The operator will be expected to pay the premiums due under the franchise contract to the DfT at regular intervals. Failure to do so would be a breach of contract, and could be followed by termination.

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# How long does a franchise generally last?

Every franchise is different, with different needs, pressures and opportunities. This means that every franchise needs a different approach to how long it should last. Government generally expects franchises to run for between 7-10 years but the particular circumstances of each franchise might mean it is appropriate for a longer or shorter contract.

Government takes into account a number of factors when it decides how long to make an award for; including the major investment required on a particular route; the financial backing needed to support the franchise; and the impact on the overall programme.

Under EU law a TOC can have its franchise extended by up to half the length of the initial franchise contract but any such extensions are set out in the ITT and franchise agreement.

Government may also choose in some circumstances to make what is called a **direct award** to the incumbent operator. A direct award is not an extension of an existing contract but a new contract entirely. Direct awards are let under negotiation rather than competition.

# What happens during a franchise?

Once a franchise has been awarded passengers can still get their voice heard. It is in the best interests of the TOCs to have comprehensive passenger engagement strategies to allow them to continually listen to the views and concerns of passengers as the franchise is run. Each TOC has a dedicated team in government to manage the franchise agreement and help make sure that the promises and initiatives the TOC made when they won the competition are delivered and that passengers see the benefit of them. This team will also work with the TOC to take the appropriate steps to correct the situation where they aren't delivering those promises.

You can contact your TOC at any time to give feedback or make a complaint. You can find out which company runs your train service and get their contact details on the *National Rail Enquiries* website.

The government now requires TOCs to produce a 'customer report' at the beginning of its franchise contract and to provide updates at least once a year. This report includes details on what the TOC has done to date, plans for the coming year and the performance of the company.

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# What happens when a franchise ends?

Each franchise agreement is made between the DfT and the TOC individually and is a legally binding document. The franchise agreement contains the circumstances of a breech or a default that would allow the DfT to terminate the contract, or for the TOCs to do so.

These circumstances are agreed upon at the time of the contract signing so are effectively pre-agreed – allowing either party to terminate the contract if these circumstances arise.




# What happens if a franchise is terminated?

In the rare circumstances where a franchise is terminated you and other passengers won't notice any immediate difference. The Secretary of State has a duty to keep the passenger railway services running and so you'll still be able to get the trains at the same times you were used to. This will stay in place until the government is able to complete a new franchise award, generally via the competition process described above.

This has happened a few times, most recently when the east coast main line franchise awarded to National Express was taken over by a government owned company Directly Operated Rail who ran East Coast Trains, until this was taken over recently by Virgin Trains East Coast.

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# Can railways be run and managed locally?

Alongside typical rail franchises there are also a number of other types of passenger rail services that operate on various routes across Great Britain's rail network. Many of these are run and managed locally either by local transport authorities or community rail partnerships.

Examples of a locally managed passenger rail services include the **London Overground** and **Merseyrail** which are run as what are called concessions, managed by the local transport authorities or passenger transport executive.

## London Overground

The London Overground arrangement is very different from those for other parts of the rail network. It is let as a concession. A management contractor – London Overground Rail Operations Ltd. (LOROL) is appointed by Transport for London(TfL) to manage the network's stations and trains on a day to day basis. TfL set the specifications for train frequency, station facilities and overall performance, and LOROL is rewarded for meeting these and exceeding certain targets.

TfL also plan and fund improvements and extensions to the network and, crucially, keep the fares revenue.

## Merseyrail

*Merseyrail* is a self-contained network covering rail services mostly within the Merseyside city region, though it extends to Chester and into Lancashire. The system consists of two electrified lines, the Northern Line and the Wirral Line, and includes tunnels under Liverpool city centre and across the River Mersey to the Wirral.

The franchise is a long one, 25 years, with 5 year review periods. This gives the operator some long term certainty but allows for breaks if problems are apparent.

Merseyrail has a profit sharing arrangement with the local transport authority, Merseytravel, whereby Merseytravel gets back half of any profits made and is able to reinvest this into the local transport network.

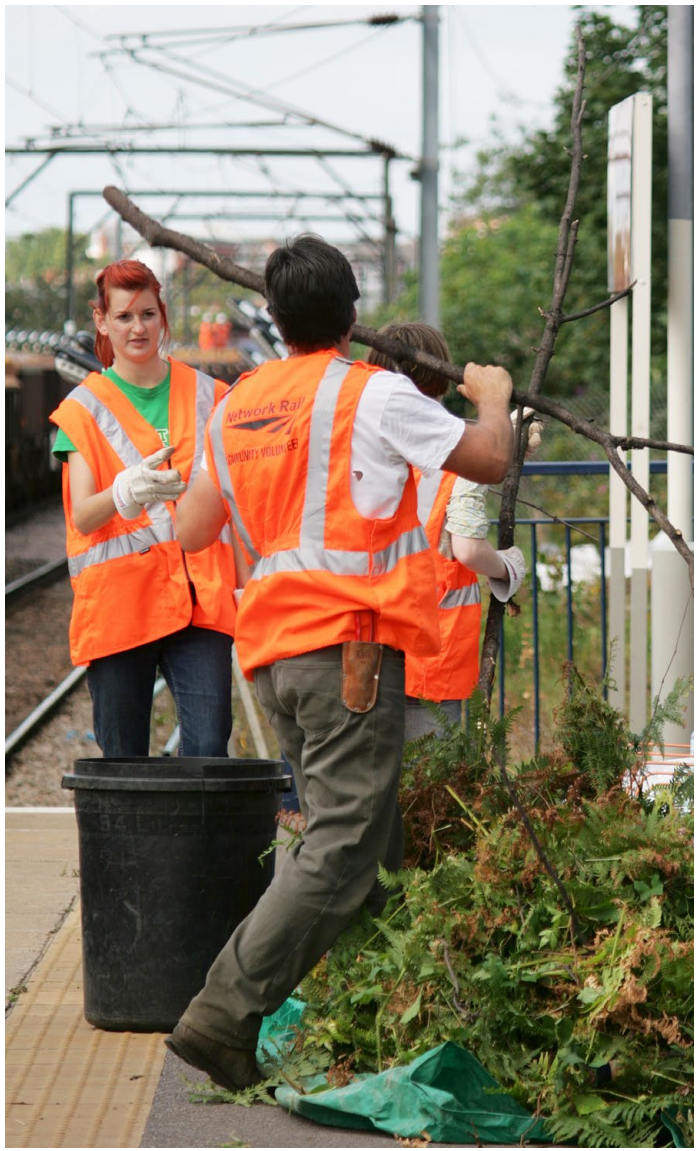
## Scotland

Railways in Scotland are separately franchised by *Transport Scotland*. Currently there are two franchises; Abellio ScotRail which is the national train company for Scotland and the Caledonian Sleeper service.



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# What is community rail?



Community rail in Great Britain is the support of railway lines and stations by local organisations, usually through community rail partnerships comprising railway operators, local councils, and other community organisations, and rail user groups.

Community rail partnerships have helped improve bus links to stations, developing walking and cycling routes. They've also brought disused station buildings back to life by using art and education projects and helped organise special events which promote the railway and its relevance to communities across Great Britain.

## The Association of Community Rail Partnerships – ACoRP

*The Association of Community Rail Partnerships* (ACoRP) is a federation of over 50 community rail partnerships and rail promotion groups. ACoRP is funded by the DfT as an umbrella group to support community rail partnerships and station friends groups.

The association shares ideas and best practice among its members through various channels including conferences and seminars, a quarterly magazine Train Times, and a monthly electronic newsletter.

## Station friends and rail user groups

At many smaller railway stations friends groups and rail user groups are voluntary groups formally recognised by the TOC who manages the station. They actively care for their local stations in various ways such as planting flower beds and litter clearance. Many of them actively promote the train service by running community events, art projects, by printing and distributing timetable leaflets and maintaining community noticeboards at their stations.

## Railfuture

*Railfuture* is a voluntary group representing rail users across Great Britain. Railfuture provides a forum for rail user groups so they can exchange ideas, coordinate rail development priorities, and contribute to the argument for a better rail service nationally.

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# How can I get involved with my local rail line or station?

Anyone can get involved with their local community rail partnership or friends group. The best way to do this is by contacting *ACoRP via their website*, by searching for a rail user group on the *Railfuture website* or by simply searching online for a local 'friends of group' or community rail partnership.

Community rail partnerships, friends groups and rail user groups are key stakeholders that can really get their voice heard to help shape the future of their railway. The DfT regularly accepts feedback and input from these groups that could then go on to help form the specifications and requirements in the new franchise.






# How do I reopen a rail line or station?

In the 1950s and 1960s, many lines and stations were closed following changes to the demand for rail, including a major closure programme following the Beeching report on *The Reshaping of British Railways*.

Due to the huge increase in demand for rail there are now many cases and arguments for reopening disused railway lines. Any decisions to reopen a line or railway station will be based on the overall business case, benefits to passengers and the wider community and the availability of finance.

If you wish to see a line or station reopened, you will need to work with your local authority or passenger transport executive, which oversees public transport in many parts of the country. Many of the line and station reopenings in recent years have been due to their efforts, probably because they recognise that railways bring major social, economic, regeneration and environmental benefits to an area.

Often during the franchising process the DfT may invite or require bidders to submit what are called '**priced options**'. These are essentially additional extras that could contribute to the TOC winning the bid. Often these priced options include reopening particular stations or lines. A recent example of a line that has been reopened is the Todmorden Curve, a 500m stretch of track linking Burnley to Manchester that has now been reinstated. The reopening of this small spur of track has cut the journey time to Manchester by 25 minutes.

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# How can I find out how my train is performing?

The best way to find out about how your train service is performing is through the National Rail Passenger Survey run by passenger watchdog *Transport Focus*. They run a twice yearly survey of TOCs which gives a clear indication of how satisfied passengers are with their service. The consumer group *Which?* also conducts an annual survey of TOCs.

You can also find out your train service's performance by looking at the *Public Performance Measure* (PPM) conducted by Network Rail. This is the industry standard measurement for rail performance, which combines figures for punctuality and reliability into a single measure and shows the percentage of trains which arrive at their destination station on time.

The definition of 'on time' is based on the type of service being provided; for intercity or long distance services it is within ten minutes of the timetabled arrival at destination; for other services is within five minutes of the timetable. The target for PPM is decided by The Office of Rail and Road and varies from year to year.

# What are performance targets?

Within every franchise agreement there are strict performance targets based upon punctuality and passenger satisfaction. The franchise agreement is managed by a specific team within the DfT whose key function is to ensure that their particular franchise does not get to the point where action or penalties are taken against the TOC.

On very rare occasions when a TOC fails to meet key performance or financial targets a franchise can be withdrawn or terminated.



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# How do I complain about my train service or station?

If you have a complaint about the railway or the service you have received from a TOC then firstly you should contact the company involved. You can find out which company runs your train service on the *National Rail Enquiries* website.

If the train operating company is not able to resolve the complaint to your satisfaction you can then take your complaint further by contacting the passenger watchdog Transport Focus, alternatively you can contact your local Travel Watch including *London Travel Watch*, *Travel Watch South West* or *Travel Watch North West*.



# Appendix

### 1. Association of Train Operating Companies

- Running a 'central clearing house' for the train operators, allowing passengers to buy tickets to travel on any part of the rail network, from any station, through what's called the Rail Settlement Plan

- Running National Rail Enquiries, giving passengers information on train times, fares, reservations and service disruption across the rail network

- Managing the range of discounted and promotional railcards, for groups including young people, families, senior citizens and people with disabilities

- ATOC also has ownership of the National Routeing Guide, which is the full range of permitted rail routes available for use with tickets on the National Rail Network. The National Routeing Guide also defines the validity of rail tickets, and has some input in the content of what's called the National Fares Manual, which is distributed by the National Rail website and can be used by third party retailers.

### 2. Network Rail

**Control Periods**

Network Rail Control Periods are essentially the 5-year plans that Network Rail works in for financial and other planning purposes. Each control period begins on 1 April and ends on 31 March to coincide with the financial year.

**Route Utilisation Strategies**

Network Rail oversees what is called Route Utilisation Strategies or (RUSs) in order to balance supply and demand on the railways and set out a long term vision for improvements across the network.

They do this by considering existing capacity on the rail network, infrastructure capability and train operations, followed by the detailed forecasting of future demand whilst providing recommendations as to how this should best be accommodated.

**Higher Level Output Specification**

The Secretary of State for Transport occasionally issues what is called a High-Level Output Specification (HLOS) indicating what work the government wishes to be undertaken during the future Control Period. The last HLOS that was issued was in 2012 which explained what the Secretary of State wanted to be achieved on the rail network within the Control Period 5 from 2014-2019.

### 3. Rail Settlement Plan

The Rail Settlement Plan is a company owned by the franchised rail operators but overseen by ATOC. The key functions of the Rail Settlement plan are as follows:

- Collects retail sales data from 8,500 ticket issuing systems

- Carries out the correct allocation of ticket revenue to rail operators

- Settles that revenue to the rail operators

- Sets standards for and accredits all industry ticket issuing systems

- Maintains the central industry fares database and provides tools for rail operators to set fares

- Distributes fares, timetable, station and other industry data to ticket issuing and information systems

- Provides the National Reservations Service enabling retailers to book reservations on all trains with reservable seats

# Appendix

### 4. Transport Focus

Transport Focus is the independent passenger watchdog, set up by the government to represent the interests of Britain's rail passengers.

They draw on a wide evidence base for their input into franchising and make extensive use of the National Rail Passenger Survey (NRPS). They often commission specific research to explore passengers' views of their current experience and aspirations for each franchise. Transport Focus periodically undertakes research to identify rail passengers' priorities for improvements across the country and is also using this information in franchising discussions.

Transport Focus has been instrumental in shaping the passenger engagement side of the franchising process. They work closely with the DfT and devolved bodies in the early stages of developing a new franchise specification and generally provide an initial written submission for each franchise and for proposed direct awards.

They encourage passenger feedback in the consultation process and publish their own response to the public consultation of each new franchise.

Transport Focus liaise and discuss passenger aspirations and priorities with prospective bidders and newly appointed franchisees to encourage passenger focused policies. They also provide specialist advice on bidders' proposals for the customer experience elements of the franchise specification to the DfT evaluation team.

Following the award of a franchise Transport Focus continue to liaise with the franchisee to hold them to account for continued improvement in delivery of service using NRPS and data from the complaint appeals that are referred to them. Transport Focus also comment on their Passenger's Charter, Complaints Handling Procedure and Disabled People's Protection Policy.

Transport Focus has played a key role in opening up the franchising process to wider public and passenger engagement. More information on what they do can be found on their website.

### 5. Open Access Rights

The Office of Rail and Road (ORR) is responsible for ensuring the passenger and freight train operating companies have fair access to the rail network, and that best use is made of existing capacity. If a train operator wants to access the national railway network, it will need what's called a track access contract with Network Rail. These are agreed outside of the franchising process.

Like the rail franchising competition process, whenever an application is received for track access a consultation process is started by Network Rail so that interested parties and stakeholders, including the general public can submit their views on the issues arising from the new track access contract.

Campaign for Better Transport

This report was produced by Martin Abrams with assistance from the Department for Transport Rail Executive.

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Campaign for Better Transport's vision is a country where communities have affordable transport that improves quality of life and protects the environment. Achieving our vision requires substantial changes to UK transport policy which we aim to achieve by providing well-researched, practical solutions that gain support from both decision-makers and the public.

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