ARRIVA/NORTHERN RAIL WATER MERGER INQUIRY

Summary of hearing with Transport Focus on 23 June 2016

Background

1. Transport Focus was set up as a non-departmental public body, in 1947 to promote the interests of rail passengers. Since 2010 Transport Focus' remit had included promoting the interests of bus, coach and tram passengers in England outside London, and since 2015 of users of the Strategic Road Network of England. The remit of Transport Focus had expanded at a time of resourcing cuts.

Obtaining the views of bus and rail customers

2. Transport Focus' method of monitoring passenger's views was through annual or biannual tracker research, passenger satisfaction studies. They inherited the National Rail Passenger Survey from the Strategic Rail Authority. These targets had been written into new rail franchise agreements as a measure of passenger gains from franchising.

3. The methodology is self-completion questionnaires. Approximately, 60,000 passengers respond annually, across the franchises.

4. Transport Focus had developed its own methodology six years ago for bus, which mirrored the Rail Passenger Survey. This survey captured approximately 40,000-45,000 passenger views across most of England. This survey was supplemented by resources from transport authorities and bus companies. All data was published.

5. Increasingly devolution and the proposed Bus Services Bill required the use of benchmark data by Transport Authorities, as a measure of quality.

6. Transport Focus said it saw little difference in terms of response rates from passengers. However, data sets suggested choice amongst bus passengers in terms of how they get to work or school depended on location. Rail provided greater choice but was still limited on commuter services, although there was room for some competition, for example on the East Coast.

Monitoring of passenger’s reactions to Northern rail services under the new franchise

7. Transport Focus monitored Northern rail services twice a year. Between, 2006-2010 they had used results to generate inward investment for service improvements to raise the survey results.

8. Transport Focus told us they also handle around 2,500 escalated appeal complaints from the public across all rail operators, some of which are from Northern.

9. Transport Focus had given Northern a 90 page submission detailing suggested passenger improvements to the new franchise. Transport Focus informed CMA that they had positioned themselves to have greater influence in the north given Transport for the North and Rail North.

Regional Comparators

10. Transport Focus used Arriva Trains Wales and bits of Great Western, as comparators. Research was put into building blocks. Transport Focus told us they made comparisons across operations. But also grouped regional operators like ScotRail, Arriva Trains Wales, Merseyrail and TransPennine.

11. Information influenced improvements by train operators, and Network rail.

12. Passenger satisfaction levels were driven by multiple factors including, price, punctuality, reliability and in the case of Northern, getting a seat on busy commuter routes.

13. In recent years Northern had struggled to provide passengers with information to enable alternative decision making during periods of disruption to services. Management had made targeted improvements towards the end of the franchise, informed by survey data.

Northern fare structures and future investment

14. Recently Northern had trialled advanced fares on some routes, along the Cumbrian coastline, and some longer routes.

15. Regulated commuter fares were suppressed at a level in the metropolitan areas by the local transport authorities to historically encourage greater use of rail. Anecdotally, there were some rail fares that were cheaper than bus.

16. But with future franchises and Rail North, fares levels could increase as the passenger paid more to reduce the tax payer contribution. Transport Focus were helping to define passenger expectations.

17. Historically franchises were heavily subsidised. But increased demand in the north necessitated high levels of investment in rolling stock and capacity. To get passengers to accept increased fares there would have to be improvements in punctuality, reliability, getting a seat and value for money. Transport Focus considered there was a job to do to persuade passengers of the benefits.

18. Transport Focus had not researched demand elasticity in response to increased fares.

19. Value for money and investment in rolling stock and station facilities on Northern had not been good. However, Northern had raised expectations on future improvements. Northern’s ability to deliver was largely dependent on Network Rail’s infrastructure schemes.

20. Transport Focus considered that Network Rail was being held to account and that Northern and TransPennine franchises were being heavily monitored in the current political climate which demanded delivery, to encourage and meet economic growth and investment in the north.

21. The phasing out of northern Pacer trains was on the government’s radar and had been raised at Prime Ministers Questions. This is scheduled for 2019/2020 although delivery was dependent on electrification. However, the Chancellor’s push for a Northern Powerhouse informed progress.

The Bus Services Bill

22. Transport Focus considered the impact of the Bus Services Bill in the big urban areas in the north was varied, with potential franchising in Manchester, against much deeper alliance-enhanced partnerships in Merseyside.

23. This models approaches in Birmingham for the last five-six years. Transport Focus considered it had encouraged bus operators to look at contactless payments and working with the local authorities.

24. Outside the big city areas the ability to look at enhanced partnerships on key corridors looked encouraging.

25. Transport Focus considered that on the partnership side it could make it easier for large authorities to go down the London-style franchise route.

However, the major bus operators may dispute that as they have done in Tyne and Wear.

Competition between different modes of transport

26. Transport Focus said they have not considered competition between bus and rail. However, on reflection they considered that Northern and Arriva Trains might have some overlap where bus and rail might compete on longer bus journeys.

27. Transport Focus said that in the survey analysis they did ask bus passengers about their mode of choice. For example Arriva Bus results in Merseyside, West Yorkshire and the North East showed half of passengers said they had no alternative form of transport for that journey.

28. Across those areas there was slight variation. Across England 47 per cent of Arriva passengers said they had no other access to transport for that journey.

29. The survey asked rail passengers how they got to and from stations. Around 10-11 per cent of passengers arrive at train station by bus. This was similar to findings on Northern Rail. The other 90 per cent of passengers broadly get to the station by foot or car.

30. There are slight variations. In Cumbria four to five per cent of passengers arrive by bus, whereas in Manchester, Merseyside and West Yorkshire towards 15 per cent arrive by bus.

31. Transport Focus said that if passengers have to walk one and a half miles to the station it dropped off significantly. Cycling was increasing but still relatively small. On foot was the significant one.

Express services most likely to compete with rail

32. In Leeds Transport Focus collected approximately 2,000 passenger responses which represented the major scheduled bus services. However, Transport Focus reflected the general bus network and the busiest routes.

33. Transport Focus considered the determining factor was the bus travelling where the passenger wants to go rather than cost. It was noted that Transdev services between Harrogate and Leeds operated a higher quality bus service.

34. Transport Focus said the competitive driver from a bus-operators perspective was to get people out of cars. There had been a move to attract younger passengers with Wi-Fi and a ‘sexier’ look, marketing and ticket deals.

35. Stagecoach show stop – to - stop fares on their website and push Dayrider tickets, Rover tickets and were moving to smart ticket and/or contactless.

36. Bus passengers considered bus services to be local, segments of a route.

Use of multi-modal tickets

37. Transport Focus said bus passenger survey respondents ranked multi-operator, multi-modal tickets at number 10 as a priority for improvement. The key things were cost and convenience. However, in bus corridors where an Arriva bus and a First bus goes past, for example, passengers would like a multi-operator ticket.

38. Transport Focus said the majority of passengers did not care about multi-modal tickets because they just want to get from A-B and there is a single bus operator on that route. In an ideal world there was an argument for greater integration of public transport, but there were still barriers to convincing people it was affordable and convenient.

39. Transport Focus have undertaken research on smart ticketing in Oxford, with bus services, looking at contactless payments. Findings showed passengers need confidence in understanding the product, fee structure and price cap.

40. A national rail smartcard had been considered, but the trust factor of tapping in and out with the correct fee hindered the idea.

41. Focus Groups looking at developing a smart ticket across the north show that passengers had an awareness of Oyster. However, Oyster is being replaced by contactless.

42. Transport Focus said that the impact of multi-operators in Oxford was a 14 per cent increase in discretionary bus travel and passengers had confidence to use Stagecoach or Oxford Bus, which was encouraging.

43. It was noted that in Merseyside on some corridors there was an ability to use a single ticket on Stagecoach and Arriva services. There was also discussion of the impact of concessionary fares on bus usage.

44. Transport Focus considered that Arriva Northern was supported by the political push for a northern powerhouse. People were positive and optimistic about future delivery.

45. Transport Focus considered that the franchises have a lot of control over scheduling and timetabling. Northern Rail and TransPennine have a commitment to look at fares.

46. Transport Focus did not consider that competition had lessened. Competitors were keen to get the most out of the system. Northern rail had committed to providing a better service.

47. Transport Focus said that future aspirations were associated with speeding up journeys – dubbed HS3 from Merseyside across the Pennines to Hull.

48. Transport Focus considered an honest debate was necessary as future investment, and fare increases were linked to government funding.

49. Transport Focus provided additional information that only 6 per cent of Arriva bus passengers said they would choose bus because it was cheaper than other modes of transport.