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## Confidential Minutes

Agenda item: 13  
Drafted: 20.06.17

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### Confidential minutes of the Board meeting held on 23 May 2017 at the Hat Factory, Luton LU1 2EY

These minutes are in addition to the public minutes of a meeting of the Board on the same date. The Board resolved, under section 15(2)(b) of schedule 18 of the Greater London Authority Act 1999, that by reason of the confidential nature of the item(s) to be discussed, it was desirable in the public interest that the public should be excluded for this part of the meeting.

#### Contents

1. Minutes and declarations of interest
2. Chris Gibb
3. Meeting review

#### Present

##### Members

Jackie Ballard, Alan Benson, Glyn Kyle, Stephen Locke (Chair), Abdi Osman, John Stewart

##### Secretariat

Tim Bellenger	Director, Policy and Investigation
Janet Cooke	Chief Executive
Sharon Malley	Executive Assistant

#### 1 Minutes and declarations of interest

The confidential minutes of the meeting on 11 April 2017 were agreed and signed as a correct record.

#### 2 Chris Gibb

Chris Gibb attended the meeting to discuss his independent review of the recent performance of Southern Rail. He said he had expected his report to have been published by the date of the meeting but publication had been postponed by the election. He hoped it would be published shortly afterwards, and in the meantime was talking in confidence.

Mr Gibb said he had been a Managing Director of train companies and was currently a Non-Executive Director of Network Rail. However, the review was independent of Network Rail and the industry. He said he was a lecturer at Birmingham University, an adviser on HS2 and Chair of the Thameslink Industry Redress Board.

The remit of the review had been broad and included all elements of Southern operation as well as discussion with passenger bodies and front-line staff. He had submitted his report in draft to the Department for Transport in December.

Mr Gibb said that one of his recommendations had been to institute a Board to deliver Thameslink 2018. This was being taken forward, with him chairing a meeting of key industry figures once a month. This enabled the industry to look at questions in much greater detail and had moved the debate forward.

On Southern, Mr Gibb had concern that Network Rail and Govia Thameslink Railway were not communicating effectively. This had now shown some improvement, with changes to some personnel assisting.

Looking at the cause of the problems at Southern, Mr Gibb said that the railway was a system of interlocking elements and that in a railway with plenty of sidings and depots carrying a relatively light number of passengers it was possible to operate successfully even when the elements did not interlock efficiently. However, when there were lots of passengers and intensive services with limited space, the system must work properly together. Objectives must be well defined but often Network Rail's objectives, set by the Office of Rail and Road, were not consistent with the train operators' objectives, set by the DfT. In addition, Transport for London's franchise specification was not always consistent with other operations.

One example of this related to the operation of train services overnight. Trains were scheduled to run through the night from Victoria to Gatwick, often carrying small numbers of passengers. The franchises let by the DfT required all four tracks on this route to be in operation 24 hours a day, every day. This level of service was not warranted by passenger demand and it meant there was no opportunity to maintain the track. This had an impact on reliability during the day, when passenger numbers were obviously much higher.

In order to deal with faults on this line, engineers were stationed at points along its length and when a problem occurred they stopped the trains and accessed the track in order to fix it. This led to many passengers being inconvenienced by cancellations and disruption. It was far preferable to carry out routine maintenance at night so that reliability could be improved during the day. This meant that he recommended withdrawing overnight services on this line to enable maintenance work to take place and this was now being adopted.

Mr Gibb said that he would be recommending the electrification of the line between Uckfield and Hurst Green. At present, Southern needed to maintain a diesel fleet just to service this line. This meant there was a significant lack of flexibility over the rolling stock that could be used on this line, which meant it was difficult to recover the service during disruption and the line suffered from poor performance as a result.

He said that he had recommended that a private contractor, Keolis, should pay for the electrification and then receive a charge on the electricity over a period of many years. He recommended electrification using overhead wires as this would require the construction of only two substations, both of which could be built on land already owned by Network Rail. This was preferable to a third rail solution as this would need substations ever two to three miles and would necessitate the acquisition of land, and was also less safe than overhead wires.

Mr Gibb said he would recommend that trains were not parked overnight at Selhurst, in London, but instead be parked in Crowborough in Sussex. This would mean trains would not need to run empty from Selhurst to their starting points on the south coast and so would improve efficiency.

Mr Gibb noted that the under British Rail there had been a policy of closing down small train crew depots and creating larger depots instead. He thought this was mistaken as smaller depots led to the location of crews being more aligned with the needs of passengers.

At Gatwick, Mr Gibb said Network Rail was considering widening platforms to cope with overcrowding. However, the problem was caused by passenger response to the fares structure and the inefficient operation of Gatwick Express. He was recommending a two-year single operable fare across all franchises for services from Gatwick, until the timetable settled down. This would reduce the need to widen the platforms.

Mr Gibb said that passengers were unable to purchase return tickets using Oyster or contactless payment cards so they bought expensive single tickets instead. This was unfair on passengers and needed review.

He said that there were too many trains running during the off-peak. On his journey to Luton, he was in a 12-car train that was carrying only 84 passengers and yet this line was slated to receive increased off-peak frequencies. The focus should be on improving peak services as these affected far greater numbers of people.

Mr Gibb said that frequencies could be reduced at some lightly used stations such as Battersea Park. He noted that some passenger figures could be misleading and gave the example of the rise in the number of annual season tickets sold between Newhaven Town and Newhaven Harbour. This season ticket was one of the cheapest that could be bought on the network and some passengers bought it in order to make use of the accompanying Gold Card. This distorted the figures for usage of these stations, which were, in fact, very lightly used.

Southern had introduced new Class 700 trains to its network. Mr Gibb said that the trains had been built by Siemens and work was underway to improve their reliability. However, the design of the trains may not be precisely what passengers wanted, with a lack of wifi and tables.

Mr Gibb said that his remit had originally excluded industrial relations as others were seeking to resolve this issue. However, he had become aware that this was as the heart of Southern's problems. Railways required flexibility from staff in areas such as rest day working and overtime, which had been what both staff and management previously wanted. But if staff changed their behaviour and stopped working flexibly, the system would collapse. This led to huge difficulties in recovering from disruption.

He said that staff were seeking to undermine the system and destroy the private sector railway. It was a political issue and passengers were part of the collateral damage. This was particularly upsetting as he thought there was political will to invest in the railways.

Members asked why the unions had chosen to take action against GTR in particular. Mr Gibb said that a redacted clause in the GTR franchise was that it should deliver driver-only operation (DOO) on its services, which the RMT was opposed to. He thought that GTR could have handled the situation better but noted that it was a high profile franchise covering constituencies served by many Conservative MPs. He noted that there were also disputes on Merseyrail and Northern over DOO and that the dispute had been very long-running. DOO worked in railways across the world and it would be unthinkable to build a new railway today with guards. Yet the industry had so far been unable to resolve this dispute.

Mr Gibb said that on many issues labour relations were good but on DOO the positions remained entrenched. He thought that staff now wanted an outcome that would make their strike seem worthwhile.

Members asked why drivers would strike if their jobs were not at risk. Mr Gibb thought some were motivated by loyalty to friends and colleagues who were guards and a small number were activists who were seeking to be disruptive. Relations between Thameslink and Southern drivers were variable. Staff support and input was necessary to make DOO work safely. At the moment, dialogue was difficult.

Unions were also motivated to strike because of the fear of precedents being set in other parts of the country. Drivers were aware that there were not enough guards to cause disruption if guards alone went on strike. Mr Gibb thought that the RMT should embrace the new role of on-board supervisor but instead they saw it as part of an unpopular management plan.

On safety, Mr Gibb said that more trains would be run with two members of staff on board following the introduction of the on-board supervisors. DOO was safe in principle. In modern trains, drivers could see more from their cabs than guards were able to. Unions should focus their attention on DOO routes where drivers still used mirrors as this could cause difficulty, but the union did not do this because it was not a staffing issue.

The safety of the railway was regulated by the Office of Rail and Road but its view did not carry a very high profile. The view of the ORR should be considered and balanced against those of the unions. If the ORR thought that GTR's DOO was unsafe it would step in.

Mr Gibb said he thought there was an innate opposition to the introduction of new technology across the three main rail unions. Staff were keen to embrace the opportunities offered by technology improvements but unions sought pay increases for new activities and no cuts in the number of jobs, which made it difficult to introduce changes.

Mr Gibb said he was disappointed to see that the unions may be planning more action in the future. It was noted that the jobs of guards were changing and it would be difficult for the RMT to resist this in the long term. Mr Gibb said that the railway was growing hugely and the RMT and its members had an opportunity to be part of this as the jobs evolved. The industry was not trying to destroy the RMT or ASLEF but they must evolve and adapt.

Members asked about the incentives in the GTR franchise and whether they were aligned with passenger needs. Mr Gibb said that GTR made money by not short-

forming trains or causing delay minutes. They did not make money by increasing passenger numbers or passenger satisfaction. The contract was such that they may lose less money for cancelling a train entirely than for running it short-formed. The franchise was so tightly specified that it was difficult to change without lengthy legal contract variations. He thought it would be better if the contract was less restrictive so that it could be varied more easily if necessary. For example, the contract could have a single requirement such as raising passenger satisfaction, rather than including 20 specific provisions designed to achieve that objective.

In response to a question, Mr Gibb said that GTR was fined for failing to meet its contract standard almost every day. This was GTR's real bottom line, as it carried no other revenue risk. Other train companies tried to increase passenger satisfaction as this increased their revenues and therefore income.

Mr Gibb said he would recommend a completely different performance regime for GTR based on lost passenger hours, with losses and incentives shared between GTR, Network Rail and Siemens. This should put the passenger need at the forefront of industry thinking.

Members asked whether the recommended focus on peak services only also applied in metro areas in London. Mr Gibb said that each route would be looked at individually but he was concerned that not enough attention had been paid to the frequency of trains specified in each franchise. He had been amazed when he found that GTR had no performance measures focussing on the peaks and that all performance was measured across the whole day. This meant that there was no link between the performance and the number of passengers affected by it.

As an example, he said that when he started the review, GTR's Right Time Arrivals (RTA) performance at 6.00 am was at 60%, so trains were running late even before the morning peak began. This made recovery over the morning peak very difficult. He told GTR it should be focussing relentlessly on its performance in the peak and now its 6.00 am RTA performance was at 95%. This had been achieved by ensuring that trains and crew were in the right place overnight and meant that it was more likely that the morning peak would operate successfully. This sort of approach had not existed in GTR prior to his review and was not part of the contract in the franchise.

Mr Gibb said there had been no review of off-peak services since privatisation. If some trains could be removed from the off-peak timetable, it could increase the reliability of trains in the peak. Members noted this point, but expressed concern that daily patterns of travel could be very different in the London area, given shift working, leisure travel, journeys to hospitals and educational institutions, and the late evening peak. Reducing services outside the conventional morning and evening peaks could be very detrimental.

Mr Gibb said that GTR did not invest at all in marketing its services as it did not receive any share of revenue so was not incentivised to increase ridership. It spent the minimum amount required under the franchise but the spend was not particularly tactical, for example it did not seek to shift use onto existing spare capacity.

Members asked whether there was any evidence of passengers shifting away from GTR since the industrial action. Mr Gibb said that there was some evidence of this

in the area of discretionary, off-peak travel. He included some recommendations in his report about how to bring those passengers back.

Mr Gibb said that there was a whole section in his report about the future of the franchise, some elements of which were sensitive. He noted that endless redrawing of the franchise map could be unhelpful and that staff became uncertain about their future and did not develop loyalty to the train company. This did not help the difficulties with industrial relations. His recommendations included some changes to the shape of the franchise but they included reference to the implications in terms of staff.

Mr Gibb noted that passengers wanted to see a resumption of normal industrial relations and hoped that his report would help steer GTR in that direction.

The Chair thanked Mr Gibb for his very useful and frank discussion.

### **3 Meeting review**

It was agreed that the meeting had been positive and it was welcome to meet outside London on occasion. Chris Gibb had been very interesting and open, which members were grateful for. The representatives from Luton and Bedford had added useful passenger perspectives to the discussion.

Members had handled the risk relating to the pre-election period by holding the meeting in confidential session. No media issues were identified.