
Confidential Minutes

Agenda item: 14
Drafted: 30.06.15

Confidential minutes of the Policy committee held on 16 June 2015 at 169 Union Street, London SE1 0LL

These minutes are in addition to the public minutes of a meeting of the Committee on the same date. In that meeting it was 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.

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Present

Members

Richard Dilks, Glyn Kyle, Stephen Locke, Abdikafi Rage, John Stewart (Chair), Ruth Thompson

Guests

Marianna White	Head of Passenger Service Excellence, Department for Transport [Item 2 in part]
Simon Smith	Director of Passenger Service Design, Department for Transport [Item 2 in part]

Secretariat

Tim Bellenger	Director, Policy & Investigation
Janet Cooke	Chief Executive
Richard Freeston-Clough	Communications Officer
Sharon Malley	Executive Assistant
Robert Nichols	Policy Officer
Vincent Stops	Policy Officer

Minutes

1 Confidential minutes, declarations of interest and matters arising

The confidential minutes of the Policy committee held on 24 February 2015 were agreed and signed as a correct record. There were no matters arising or additional declarations of interest.

2 Current transport issues

Members considered some of the issues facing transport users in London. Members were concerned that the franchising process allowed train operators to run down their

services at the end of franchise periods as there was no incentive to encourage them to continue to invest towards the end of a franchise's life. There was some concern that the DfT might be tempted to permit poor performance at the end of a franchise because this made it easier for the subsequent franchise holder to show improvement.

The Policy Officer (RN) said that senior members of staff at the Department for Transport had confirmed that London TravelWatch should be involved in the franchise award decision process but that this message often did not reach the relevant junior officers. There was sometimes confusion among DfT officials about London TravelWatch's role and a mistaken belief that Transport Focus could represent London TravelWatch. This problem had been compounded by a high staff turnover rate and a loss of experienced officers. It was agreed that London TravelWatch should be robust in ensuring the DfT was aware of its statutory remit for representing passengers in London and that it was distinct from Transport Focus. In addition, London TravelWatch should highlight the forthcoming franchise processes that it expected to be involved in and seek a commitment from the DfT for a timetable for London TravelWatch's involvement.

Members discussed the pre-qualifying process for bidders. They noted that once a bidder had satisfied the pre-qualification criteria, no other previous performance issues were considered during the bidding process. This meant that operators with a previous history of poor performance could still satisfy the pre-qualification requirements and bid for new franchises without their performance history being taken into account. It was noted that pre-qualification took place 18 months before the detailed bids and that nothing that took place within that period could influence the franchise decision.

Members noted that the DfT could enforce performance standards that were included in the franchise contract so that train operators would have to meet minimum performance levels. However, there were problems when poor performance was in areas not specified in the franchise as the DfT's enforcement position in such cases was weak. In addition, the poor performance would probably not be able to be considered when assessing future franchise bids by the same operator.

It was noted that London TravelWatch's campaign to expand the delay repay compensation scheme to include passengers whose trains were delayed by 15 minutes instead of the current 30 minutes was problematic because it was difficult to make changes during a franchise term.

Marianna White, Head of Passenger Service Excellence, and Simon Smith, Director of Passenger Service Design, both at the DfT, joined the meeting. Peter Wilkinson sent apologies.

Members asked Ms White and Mr Smith about the problems faced by passengers when train operators were at the end of franchise periods and chose to stop investing in services because a new operator would be taking over. Ms White said that some franchises included provisions relating specifically to the final year of a contract specifying staffing levels. However, this did not tend to cover issues affecting performance. She recognised that operators tended to front-load investment at the start of contracts. To address this, new franchises now had a community fund requiring operators to spend money on softer issues such as station refurbishment during the final year of the franchise. She said that there was also a mechanism to allow operators who did invest at the end of a franchise period to claw back the costs incurred beyond the franchise end.

Mr Smith said that newer franchises also included financial incentives relating to performance and satisfaction that ran until the end of the franchise. He said it may be possible to extend that to other franchises.

Members were keen to see incentives in place to ensure that operators handed over a high quality asset at the end of a franchise period and that a 'scorched earth' approach should be avoided. Ms White said there was a 40-year asset plan for stations but that the rolling stock that would be handed over at the end of a franchise depended on the terms of the contract.

The Chief Executive said that shortly after TfL took over the Greater Anglia route it found significant problems with the rolling stock which had immediate negative impacts on passengers and on its own reputation. There did not seem to be any incentive for the previous train operator to maintain its stock. Ms White said she thought there would be terms in the franchise contract to guard against this.

Members asked whether the DfT had any power to influence train operators who were bidding for other franchises. Mr Smith said that the DfT had enforcement powers when operators breached their franchises. The Chief Executive noted that some operators observed the letter of their obligations but not the spirit and there did not appear to be any incentive for them to do otherwise. The Policy Officer (RN) said that some train operators had told him that they deliberately ran down services to the minimum specification at the end of contracts.

The Policy Officer (RN) said that the gap between pre-qualification and bidding was 18 months long but that nothing that occurred during that period could be considered when assessing the bids. Bids could only be evaluated by looking forward with no reference to previous poor performance. Mr Smith said this was restricted under procurement law. If problems occurred during franchises they had to be addressed by reference to the franchise agreements themselves.

The Policy Officer (RN) asked the extent to which prior performance was considered during the evaluation of bids. Mr Smith said that bidders with successful prior performance could produce it as supporting evidence in their bids. However, past performance was generally only considered during the pre-qualification process.

The Chief Executive said that sometimes operators from the same owning group continued to display the same problems of performance and did not seem to learn from previous mistakes. For example the Thameslink franchise experienced problems with driver shortages, which had also been experienced by other companies in the same group such as London Midland and Southern. Passengers could not understand why these problems could not be resolved.

Mr Smith said the problem could have been caused by a lower than expected number of drivers inherited from the previous operator. The Director, Policy and Investigation said that the DfT should have been monitoring this. Ms White said that the DfT was not expert but did monitor such issues. The Policy Officer (RN) asked whether the previous operator was in breach when handing over the franchise but Ms White said she thought this information was confidential.

Members said it could be difficult to establish what provisions were included in the franchise contracts, with the information released by the winning operator focusing mainly on the positive aspects while the negative aspects were difficult to uncover. Mr

Smith said that franchise agreements were published and they governed relations between the operators and DfT going forwards.

Members said that campaigners and those with an interest in transport wanted to feed into the franchising process before the bids were published. It was not always clear how to influence decisions. Ms White said there was consultation over the invitation to tender for a new franchise. Mr Smith said that Transport Focus was involved in the process.

Members said that London TravelWatch was involved in the Thameslink Southern Great Northern and Essex Thameside franchises but it seemed that this was something of an afterthought. Staff at the DfT did not appear to understand London TravelWatch's statutory remit. London TravelWatch should be involved in parallel with Transport Focus, not as an appendix to it. The Policy Officer (RN) said that senior staff were supportive of London TravelWatch's role but more junior officers did not seem to know anything about the organisation. Mr Smith said that the evaluation was tightly regulated but London TravelWatch could perhaps have an option to make specific comments. The Policy Officer (RN) said that London TravelWatch should be involved in all franchises.

Members raised the difficulty of changing franchise terms mid-contract, such as expanding the delay repay scheme to include delays of 15 minutes. Ms White was aware of the issue and was keen to find a solution but there would be a cost involved. Other changes could be implemented with operator agreement.

Members raised the need for the DfT to ensure that franchises were able to accommodate passenger growth. Members wanted to see flexibility in franchises to respond to changing passenger numbers.

Mr Smith said that for small changes to franchises, campaigners should approach the train operator directly. For bigger changes, such as the procurement of rolling stock, they should address the DfT. Members thought this distinction was not widely understood among those trying to influence franchise decisions.

The Chair thanked Ms White and Mr Smith for attending.

3 Casework report – information updates (PC062)

The Casework Manager said she had heard from a London Overground contact that they had received a 300% increase in the number of contacts since taking over the Abellio Greater Anglia route.

Members were concerned that information about London TravelWatch on train operator websites was patchy. It was agreed that London TravelWatch would raise this with operators to seek consistent and accessible information on websites.

Action: Casework Manager

4 Meeting review

Members were disappointed that Peter Wilkinson was unable to attend the meeting. They were concerned that the DfT officers who did attend did not appear to have a

strong grasp of issues from a passenger perspective. There was little attempt to distinguish the theory of the franchise contracts from the passenger experience on the ground.

It was agreed that London TravelWatch would follow up with Peter Wilkinson to invite him to a future meeting, with particular focus on the Southeastern franchise consultation.

Action: Executive Assistant

Members welcomed the appointment of John Gill and also welcomed the work of the travel demand management board to join up the national Network Rail control centre to the regional centres. It was agreed that John Gill would be invited to attend a future meeting.

Action: Executive Assistant

Members considered whether any aspects of the meeting held reputational or operational risks for the organisation. They noted that as London TravelWatch had now identified that there was a problem with bus performance so a reputational risk existed if London TravelWatch was considered not to be addressing the problem. No specific media opportunities were identified as arising from the meeting.