

Bill Emery Esq
Chief Executive
Office of Rail Regulation
1 Kemble Street
London WC2B 4AN

cc Mike Mitchell, DfT
Malcolm Reed, Transport Scotland
Iain Coucher, Network Rail
ATOC Board

01 November 2007

Dear Bill,

It will take some time for us to study and respond in detail to the Strategic Business Plan, and I am therefore writing now on certain key points on behalf of train operators.

The planning process established by DfT is clear and generally well suited to the task: the statement from Government of what it wants in the form of the HLOS, the Network Rail (NR) prepared Strategic Business Plan (SBP) to which the train operators contribute, the review by ORR and refresh next April, and the final determination in November.

While there is now a lot of collaborative planning work between us and Network Rail, and this underpins much of the SBP, our view, as you know, is that this is still not enough. Train operators should have a bigger and more formal role in planning the railway. If this were the case, we believe the passenger would benefit.

Nonetheless, the SBP is a good starting position and a much better planning document than anything the industry has had so far. However there are serious issues.

1 Money

We must make sure that the level of Network Rail costs does not crowd out passenger benefits - particularly the delivery of the planned 1,600 vehicles - of which 1,300 are promised already in the White Paper.

A failure to deliver adequate seating capacity would be of great concern to passengers and would lead to major, and very public, dissatisfaction.

In addition, the assumption in the White Paper that TOC costs can be held level in real terms is heroic and we will shortly be sending you some analysis on this point and its implications for the allocation of the SOFA between NR and train operators.

2 Punctuality

(1) Involvement in the process

The involvement of train operators in planning CP4 punctuality started very late but has been more intensive recently. We have been able to contribute effectively in some areas, but not in others.

Hitherto, joint industry planning, the JPIP, has looked forward only one year. The process of looking forward 7 years is still rudimentary and not particularly reliable.

The joint industry punctuality planning process is critically dependent upon painstaking bottom-up analysis and commitment by all parties - this has not yet happened and we look to achieving this jointly during the next phase of work, which NR indicates will take place over the next 6 months.

(2) Will the SBP will deliver the punctuality required?

For the reasons mentioned above, we are unable to endorse the plans for getting to 91.6%, let alone 92.6%. Much work needs to be done to move from high level plans and aspiration to the kind of firm and specific plans we can agree with.

Given past experience, you can understand if there is some scepticism that the Network Rail delay minute reduction will be achieved. Its achievement is critically dependent on the success of the work now underway to rejuvenate and refocus maintenance activity.

We are particularly unsighted on the need for and value for money to passengers of the punctuality schemes for which more money is said to be required if the 92-93% PPM requirement is to be met.

In all this it is important to bear in mind the TOC view that, particularly on long distance routes, what passengers most want is a reduction in "bad days", yet there is no specific action directed at "bad days". Particularly on long distance routes, unless bad days are substantially reduced it will be impossible to address passenger dissatisfaction on punctuality.

2 Capacity

This is the number one passenger priority. As mentioned already, failure to deliver adequate capacity would be of most concern to passengers and would lead to major dissatisfaction.

We believe the HLOS capacity enhancements to be at the lower end of what is required, bearing in mind TOC predictions, and that the only way to achieve

acceptable delivery timelines will be if NR streamlines its planning and delivery processes.

First, we need to get the promised new vehicles into service quickly.

My members have been concerned that they have not been much more closely involved in discussing how and where to deploy the extra vehicles.

With growth continuing, there is a definite need for more than the 1,300 vehicles in the White Paper and NR's estimate is for 1,600. There is obvious pressure on commuting capacity, but also on longer distance services in CP4 and we think more vehicles are likely to be needed in advance of IEP, particularly on Greater Western, East Coast and Cross Country.

And, clearly, we need the infrastructure capacity projects delivered to support the extra trains.

Some of the planning is very light on detail. We need to move now to a new level of detail, producing plans agreed by all parties which are delivered according to a strict timescale.

Good RUS Studies are showing their value - particularly when aligned with Regional Planning Assessments. However the absence of an updated RUS report for Great Western and fully completed reports for the North West (addressing Manchester capacity) and West Yorkshire is a real problem.

3 A 7-day railway

In simple terms, what passengers want is the normal timetable service on Saturdays and Sundays.

The plan to do this started well. We will study what the SBP says, but unfortunately the plan has not developed enough and will not contain TOC specific commitments, which is what is required.

4 Stations

We're pleased that TOCs are now responsible for prioritising and delivering their shares of the £150m stations fund. This is a much better arrangement than a centrally run programme.

In addition to the £150m, the SBP proposes more spending on renewal and enhancement of the remaining stations. This is welcome. But the details here are important, and we would like NR to inform each TOC what resources or

improvements will be delivered locally so that TOCs can plan around this, including the seeking of 3rd party funding.

Getting improvements on stations, particularly more capacity at the "non major" stations and much better passenger facilities such as car parks, is where the SBP is weak.

There are about 145,000 car parking spaces at rail stations, with a further 14,000 planned. Simple arithmetic says that to match a 5% growth in traffic, about 7,000 new spaces will needed every year plus new spaces to make up for the existing backlog.

5 Simplifying the journey for passengers

Though it was not in the HLOS and is not covered in the SBP, train operators are well aware of the requirements in the White Paper to improve the passenger experience through simplifying fares and enhanced ticketing technology. This is what passengers are telling us too.

TOCs are well underway with plans to do this and ATOC is already in dialogue with the Department on these matters.

Fares simplification will be put into place during next year.

We will study the SBP carefully and work with Network Rail and yourself to develop and improve it.

Yours sincerely

George Muir
Director General

(Tel: 0207 841 8001)