



South Yorkshire Passenger
Transport Executive

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Dear Mr Herbert,



INVESTOR IN PEOPLE



CUSTOMER SERVICE EXCELLENCE



**SYPTE RESPONSE TO CONSULTATION - A GREATER ROLE FOR ORR
REGULATING PASSENGER FRANCHISEES IN ENGLAND & WALES**

1. *May we publish your response?*

Yes.

2. *Please comment on the general principles against which changes in responsibility for regulation of passenger franchises should be assessed.*

Although we see merits on one regulatory body covering all aspects of the railway operation, we retain the view that the performance and specification of local rail services within the SYPTE area, should continue to be dealt with at a local level (through the PTE), as any national organisation – be it Department for Transport (DfT) or Office of Rail Regulation (ORR) - will lack the local focus. We are also concerned at the prospect of any change allowing greater commercial freedom for operators. The franchise specification may be inflexible but does provide a certainty of service provision which would be lost if operators were able to change timetables more frequently.

3. *Do you see any potential benefits or drawbacks in moving towards giving ORR an enhanced role in respect of franchise change?*

Advice should always be welcomed and we see no issue in other parties (including the ORR) being consulted on franchise specification. We would anticipate the PTEs to be continued to be fully consulted but would expect that any involvement of ORR would not lead to any delay in the process.

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South Yorkshire Passenger Transport Executive is a member of the
Travel South Yorkshire partnership, delivering the county's public transport network.

4. *Are there any representations you would like to make concerning ORR's role in holding Network Rail to account?*

It remains important that Network Rail continue to be held to account, and therefore it is essential that if the ORR were to take on more responsibility, then their regulation of Network Rail is not diluted.

5. *Should ORR consider any revisions to its enforcement and penalties policies if it takes on a wider role? In particular, should ORR consider how and whether it could accept commitments to make improvements for passengers as an alternative to levying a penalty?*

It is indeed appropriate to consider penalties being levied for non performance and this can be a feature of either the licence or as noted in the franchise specification. Although commitments to make improvements may be welcomed in the future, there must be a guarantee that this will be done and that the potential benefits outweigh the inconvenience suffered as a result of poor performance. The role of the passenger must be paramount however, and whatever penalty system is introduced must ensure that a robust and fully understandable compensation scheme is available.

6. *Are there any specific points on which DfT and ORR should set out their proposed approach during the transition period?*

As franchises have been let under the present regulatory arrangements, it is vital that operators know of any changes to their business model as result - fortunately as there are a large number of franchises due to be let in the next few years, it may be possible to ensure consistency – but that operators must be fully aware of the regulatory conditions (including penalties) that will apply.

7. *Should ORR review its funding arrangements in the light of the changes proposed in this consultation?*

I acknowledge that the ORR must be appropriately funded but I would not want a further burden on the industry (and ultimately the passenger) to be incurred. Therefore any extra funding required must come from Central Government as an overhead in running the present railway system.

8. *Do you have any comments on the proposals for regulating complaints handling procedures?*

No issues – as long as operators handle complaints in accordance with their franchise commitments (including specific compensation awards) and licence requirements I see difficulties arising.

9. *Do you have any comments on any of the proposals for regulating DPPPs?*

No issues as the DPPP regulation falls in with other areas (such as Rail Vehicle Accessibility Regulations).

10. *Do you agree that the regulation of punctuality and reliability performance should be brought together in one place? Could this proposal work and what refinements could be made? Are there any alternative ways of doing this?*

I reiterate that the PTES should continue to be responsible for local monitoring and enforcement of rail services.

11. *What are the key areas that should be covered by service quality measures and commitments? How should Government decide what to include in each franchise? Is there merit in having a core set of requirements that apply to all?*

SYPTE has considerable experience in developing service standards and monitoring – examples are listed below:

Station Areas

Station Signage – Directional/Totem Poles/Information
Car Parks
Cycle Lockers
Platforms
Fences, Walls and gates

Station Buildings

Ticket Offices/Machines
Waiting Rooms
Shelters and Canopies
ICP – Inter Connecting Passages (Passages, Pedestrian Bridges & Tunnels)
(Ramps, Underpasses and over bridges)
Toilets

Station Facilities

CCTV
PIDS
PA
Help points/Telephone facilities
Passenger facilities
Lighting

Passenger Information

Leaflets
Posters

Trains

Destination Boards
Condition of Train
Number of seats
Quality

Overall

Quality
Cleanliness
Heating
Lighting
Customer Safety
Passenger information
Network Information

12. ***Please comment on the specific benefits and disbenefits of the requirements on service quality measurement and commitments being enforced by licence rather than by contract.***

Operators would know better through the franchise what their service standard requirements are for a specific service group which will be helpful in them assessing their bids and the risks involved. Therefore the franchise mechanism may be the more appropriate one.

13. ***Do you believe that the proposed licence condition would provide effective and proportionate accountability for delivery of service quality standards? Would a transparency obligation, relying on reputational incentives, be adequate? Or should it be supplemented by a compliance obligation? Should the compliance obligation be subject to doing what is reasonably practicable to deliver it, for instance through a purposive approach similar to that being considered for performance?***

If the licence obligation was pursued then there should be no need to add a further compliance area - the licence should determine what is expected.

14. ***What would need to be set out in guidelines to ensure credibility and consistency of reporting against service quality measures and transparency for passengers? How do we ensure that we give sufficient clarity and flexibility for franchisees in guidelines?***

PTEs have a number of service quality measures that could be used as part of an overall reporting strategy.

15. ***Do you agree with the approach set out on monitoring of compliance with the service quality commitments? In particular do you think that an adapted safety management maturity model could be applied in this context?***

In principle yes.

16. ***Do you agree with ORR's proposed approach for service quality commitments of requiring improvement plans as a prelude to formal enforcement action?***

We would expect operators to be able to put forward their remedial plans before formal action is taken.

It is important that Passenger Focus continues to play an important role in representing passenger views and that the ORR is able to act on their requests and recommendations. There is no evidence in the consultation that this has been duly considered.

I trust this information is of interest and if you have any further queries please do not hesitate to contact me.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Roy Mitchell', with a stylized, cursive script.

ROY MITCHELL
PRINCIPAL PUBLIC TRANSPORT MANAGER

CC: Matt Brunt (PTEG)

ORR Consultation

The Office for Rail Regulation (ORR) and Department for Transport (DfT) have published a consultation document asking for consideration of the ORR to take a wider role in regulation of train operators.

At present the ORR acts as the economic and safety regulator for the railways and has particular involvement in assessing and approving Network Rail's income and delivery of outputs. It does not, however, have any control over the performance and output of train operating companies (TOCs), with management and regulation of these issues firmly in the hands of the DfT. (although PTEs have involvement in some franchises).

The Rail Value for Money Study (McNulty report) considered that to help achieve an efficient railway, it would be better if the Government (DfT) dealt with policy decisions whilst day to day regulatory decisions are made by the independent regulator the ORR. This could not include performance but may extend to other areas, such as fares regulation.

As the DfT controls the funding for rail services (either by making support or receiving premium payments), there are merits in the ORR being able to act impartially in terms of performance and to be responsible for all aspects of approving, monitoring and enforcing compliance and complaints procedures. Should the operators fail to perform satisfactorily, then the ORR may remove licences. However the performance targets and degree of compensation for failure must be made available to franchise bidders, so that operators are able to factor in likely penalties in their bids, and a transitional scheme be made available to existing franchisees who will not have considered this change. It must also be clear as to whether the ORR has the power to terminate contracts for poor performance by other than rescinding licences.

The position of Passenger Focus also needs to be considered as this presently acts as the 'neutral' voice of the passenger and its independence must not be compromised. As the ORR report advises however, where Passenger Focus view that compensation is required, it is essential that ORR will be able to instruct operators to provide this.

Whilst there are merits in transferring responsibilities from DfT to ORR it is important that PTE involvement is not weakened. At present SYPTE act as co signatories to the Northern Rail franchise and participate in monitoring the operation in South Yorkshire and in surrounding area. Given our aspiration for greater involvement in future franchises, any change from DfT to ORR may be allegedly irrelevant but in principle the transfer arises few difficulties on non PTE services.

It is important that any change does not add any additional regulatory burden or cost but it seems that a straight transfer between DfT and ORR responsibilities should not add any issues and offers some synergy if ORR regulates all the operation:- it may be possible, for example, to develop industry wide improvement plans.

Rail operators, through their trade association ATOC, have condemned the proposal saying that they wish the ORR to concentrate on their present regulation of Network Rail, although this may be more to do with the uncertainty of the potential penalties than other concerns.

It is recommended that this report, and the accompanying letter (**Appendix A**), be forwarded to PTEG to be submitted as our contribution to the be part of this Group's report but that our report and letter is also forwarded direct to the Office of Rail Regulation