

Transport Committee – 9 June 2015**Transcript of Agenda Item 9 – National Rail Services in London (First Panel)**

Valerie Shawcross CBE AM (Chair): We begin with the main business of this meeting, Item 9. We are commencing an investigation into National Rail services in London. Of course, we have no direct responsibility as London government for National Rail in London, but we do have an interest in the success of our city and the experiences of Londoners and London passengers and obviously an interest in London's environment and transport system generally.

We have had a very good experience of Transport for London (TfL) becoming the franchisor for the Overground network in London and we want as part of this investigation to examine the case for TfL becoming even more deeply involved in the franchising arrangements for what are existing National Rail services in London.

I welcome our guests who have very kindly given their time today to come and talk to us. We have Paul Harwood, who is the Principal Network Planner from Network Rail and who is, I was going to say, a regular at this Committee but you are very well-known to us, Paul, and we do appreciate your time. Phil Hufton, who has changed seats from driving for TfL to driving for Network Rail, is now the Managing Director of Network Operations for Network Rail. Thank you, Phil, for coming. Tim Shoveller is Managing Director of South West Trains-Network Rail Alliance. Tim, thank you for coming. David Statham, Managing Director of Southeastern Railway, welcome. Another regular at our Committee is Stephen Locke, the Chair of London TravelWatch. Stephen, thank you again for your time.

We thought we would take this first session up to about 11.15am. We have questions for all of you and we will break and you are welcome to stay for the second session but we will be inviting a separate, different set of guests to the table to take us through to the second half of the meeting.

It would be very helpful if I could perhaps hear from all of you, your opening comments. What we are interested in, setting the scene, is hearing what you feel are the main challenges facing the National Rail network in London. Shall I start with Paul because he is used to doing this and probably is not fazed by facing the Committee.

Paul Harwood (Strategy and Planning Director (South), Network Rail): The headline has to be one of growth, which is a good challenge, demand growth, coping with the demand we have currently and expanding the network to accommodate that demand growth while providing the service quality and service offer that passengers rightly expect. We have seen phenomenal growth over the last ten years.

We are predicting phenomenal growth in the future for the next 30 years and there is no doubt that the network is reaching and is probably beyond the point of its capacity across much of London and the South East now. It is the legacy that we have discussed before about, effectively, still a Victorian network at least in shape and size even if some of the infrastructure has changed. It provides a massive number of constraints. We are tackling a lot of the relatively low-hanging fruit, projects and interventions - lengthening trains, running more trains up to the maximum capacity - but now we are seeing that the stations and the track capacity itself is reaching its limit. A key one there is inevitably - and we have been flagging it up for a while - some of the stations, too. That combination is very tricky. It is becoming increasingly expensive to do the work and to expand the network because we have tackled a lot of the lower-cost projects. It is becoming increasingly hard to do the work because of taking the engineering access to do work in a safe and effective

way and that is a key thing, too, for our workforce and for passengers in terms of safe delivery. It is becoming increasingly challenging. That multiple of issues comes together to be a big challenge.

Phil Hufton (Managing Director of Network Operations, Network Rail): I have similar comments, I guess, in terms of growth, absolutely. Whilst we are trying to upgrade the railway and at the same time keep the railway open, it is a big challenge. It is often quoted that it is like doing open-heart surgery whilst you are playing tennis, which is a challenge, of course, but it is actually balancing and making the key decisions about whether you should close an asset completely or whether you should try to keep London moving. I remember the days in London Underground when quoting prior to any investment or any development was quite straightforward, "This is what we are going to do". However, when you are actually in the midst of it all and trying to keep London moving at the same time, as with our challenges on the Jubilee line, I see similar challenges particularly in terms of London Bridge, of course, which was our last discussion when I came here in March. Trying to get that right balance is a real challenge. Talking about it is fine, but when you get in the midst of it, it presents a different type of challenge. I guess you do, unfortunately, get too many surprises, which is not where we want to be.

Valerie Shawcross CBE AM (Chair): Tim, from one of the train operating companies (TOCs)?

Tim Shoveller (Managing Director, South West Trains-Network Rail Alliance): I am pleased to say that we are in complete alignment on this point because there is absolutely no doubt that the staggering growth in passenger volumes over the last 20 years has now reached a position where many of the points that we are talking about - whether it be the trains themselves, whether it be stations, whether it be the degree to which the railway can naturally be expanded to - have reached a point of some saturation. For many years, 12-car trains have been operating into Waterloo on the long-distance services and 12 cars is, practically, as long as we can make them. The options that are left to us to optimise the network are fewer and further between. The cost and disruption of doing them becomes greater. In that environment, we have to work even harder and no doubt later we will talk some more about just some of the things that we are doing to make those things happen. The challenge is a significant one.

Valerie Shawcross CBE AM (Chair): You are the most congested part of the network, aren't you?

Tim Shoveller (Managing Director, South West Trains-Network Rail Alliance): We are. The number of passengers and the number of trains into Waterloo is quite incredible. When I look around Europe or other railways in the world to try to see what the competitors are, what the comparators are and what can be learned, they are few and far between that are operating at the level of intensity that we do. It is a challenge. How do we provide good customer service in that environment? Whatever the operational logistics are, customers rightly expect information and they expect a good customer service environment. Yet when we know that people might be waiting for three or four trains to even get on because of overcrowding, it makes it harder to provide that environment. We are dedicated to doing it and with some success. Nevertheless, how we grow our railway is undoubtedly our biggest challenge.

David Statham (Managing Director, Southeastern Railway): I am really pleased to be here today to get the opportunity to talk to you guys about some of the challenges facing us and I am going to echo what my colleagues to my right have said, actually.

There are two significant challenges facing Southeastern in delivering better service for our passengers, the first of which is dealing with the phenomenal growth that we have seen. From a local perspective, Southeastern is now carrying 40% more passengers than we were back in 2006. Whilst we are running something like 300 additional services every single day, we are working to make best use of the rolling stock

and of the infrastructure that we have. The biggest challenge is how we keep up for that growth and plan for it in the future.

The second challenge aligned to that is that there is actually a huge amount of work going on across our network to help us deal with that capacity challenge, the biggest one of which is obviously the multibillion-pound investment in London Bridge with several billion pounds going into both the infrastructure on the approach to the station and the station itself. The challenge for us, working in partnership with Network Rail, is how we keep London moving whilst doing that major rebuild programme. From a local perspective, for us, since January we have lost the use of the two single busiest pairs of platforms in Europe. We have lost half of the approach lines to London Bridge. The challenge for us is to keep driving up levels of performance whilst we do this massive capacity upgrade programme.

Valerie Shawcross CBE AM (Chair): We are going to ask a bit more about that in a moment, actually, David. Stephen, what do you see from the passengers' point of view as the biggest challenges?

Stephen Locke (Chair, London TravelWatch): First of all, I agree with a lot of what has been said, but I would like to take a bit of a step back. Fundamentally, we need to remember that the challenges are about people. They are about the needs of passengers, citizens and consumers, which are changing rapidly. First of all, there are more of them. Secondly, they have more specific needs and in many cases are more active users of transport. Thirdly, they are less able to use an ever-more congested road system. There will be more and more strains on the system as London's population changes, grows and develops. It is absolutely crucial that the system as a whole meets the challenge of aligning what the people, citizens and consumers actually need with the incentives and with the ways in which the individual services are delivered.

Therefore, I agree with much of what has been said, but we need to recognise there is a bigger challenge than that, which is about getting all the various assets and all the various services in alignment with growing and changing needs.

Caroline Pidgeon MBE AM (Deputy Chair): I want to ask a bit about London Bridge. I will be friendlier with you today, Phil. We were rather frustrated back in March. Phil and David [Statham], perhaps you could just give me an update on how passengers are being affected at the moment by the overall Thameslink programme and the works at London Bridge. Give us an update, really, on the situation.

Phil Hufton (Managing Director of Network Operations, Network Rail): We still have a lot to do, absolutely. London Bridge is still developing. We recognise some of the challenges we are faced with in terms of the fact that when we went through the work in January this year and over the Christmas period, we reduced our capacity considerably. Quite openly, I do not think we were as aligned in our expectations in terms of the impact. We thought that we could continue and actually increase trains per hour in those days and we did not get it right.

What we have done - and for me it is about fare-paying customers, recognising that we have to treat our customers differently - are a number of things. What we have done is obviously improve the situation in terms of how we actually manage London Bridge in respect of its current difficulties. We work far closer now with the TOCs to make sure that we are lined up. There is a single controlling mind for London Bridge, which is Network Rail. We have had disruptions, as I have said, but the way we have responded to them is by putting in new systems, new information screens, more people to help people get around London Bridge itself and the concept that we have changed in terms of how we actually manage London Bridge.

For example, very recently, I put a new team in there that manages the interface between the building site of London Bridge and the business-as-usual. It is a very select group of people from around Network Rail, not

just London-based people, who have some real skills in their ability to manage this interface. I have recently seconded the Chief Superintendent from the British Transport Police to work with me for six months to focus on incident management. Paul Brogden, who is the Area Commander for London, now has a foot in both camps in terms of helping us to manage incident management because he has the skills, of course. For me, it is a military-style operation and Paul brings that ability to that organisation, which I do not think we had.

The third part of that discussion is around how we can work even closer in collaboration with TfL and a concept of a pan-London approach to incident management and more joined-up. Mike Brown [Managing Director, London Underground and London Rail, TfL] and I have had a number of discussions around how this could work. Both controlling minds believe this is the right thing to do for the industry and, more importantly, for our customers, of course.

We have carried out a very detailed investigation of London Bridge in terms of why we got it wrong and also some of those things that we can build upon to ensure that we improve the overall experience. However, again, until perhaps January next year, we are always going to have some challenges in terms of capacity against volume.

Caroline Pidgeon MBE AM (Deputy Chair): As a passenger of the station, my experience is and would be that most of my trains are still not arriving on time or departing on time. You brought in a new timetable in mid-May, I think it was, which has cut out even more services. If I look at it, if I am on Southern, yes, for peak time leaving in the evening, 78% are on time. However, if I am looking at Southeastern, it is only 42% and 39%. It is still very weak with a new timetable. In terms of passengers, they may have fewer delays but there are still an awful lot of delays. What are you doing to really improve that for passengers?

Phil Hufton (Managing Director of Network Operations, Network Rail): Do you want to answer that or Southeastern?

Caroline Pidgeon MBE AM (Deputy Chair): Would you rather David answered that? It just feels to me as if a lot of the stuff you talked about is very process-related and very important and I understand that. However, as a passenger, apart from the people in the pink tabards, there is not a lot there you will see directly and yet you are still experiencing quite a lot of delays.

Phil Hufton (Managing Director of Network Operations, Network Rail): Yes, we still are experiencing quite a lot of delays. You are quite right. Obviously, I can only apologise for that. We have had to adjust the timetable. We did not get the timetable right. We have made some further changes. We decided that the most appropriate approach was to reduce the number of trains per hour to try to reduce the problem. Experience has shown now that that has worked to a degree and there is some confidence that we have now created in terms of introducing more trains per hour. However, we are still not where we need to be. We still have a lot to do.

Caroline Pidgeon MBE AM (Deputy Chair): As one of the TOCs, even with your timetable changes in the morning peak, arrivals are arriving on time 42% of the time. Over half the time, your trains are not arriving on time and it is worse even on departures. What are you doing to improve the passenger experience?

David Statham (Managing Director, Southeastern Railway): We talked earlier on about some of the challenges that the railway is facing at London Bridge. As well as losing some of the really busy platforms at London Bridge, we are also not able to stop our Cannon Street services in London [Bridge] and 50% of our trains are now running straight through the station and there are lots more passengers on our Cannon Street services that are able to stop.

From a Southeastern perspective, we have worked really hard to plan for these works. We worked on the timetable to make sure it was as robust as it could be. We worked on the communications to make sure that people were aware of the changes when they came in. We have worked with Network Rail to make sure the infrastructure is reliable as it can be in the London Bridge area. What that has led us to in terms of our performance on the Southeastern side is we have seen a 2% rise in terms of our public performance measure since we introduced the timetable at London Bridge across the network.

Caroline Pidgeon MBE AM (Deputy Chair): In May?

David Statham (Managing Director, Southeastern Railway): In January. Over the last six to seven months, we have seen a rise of 2% in our public performance measurement. That does not sound a lot, but those performance gains have been delivered in light of some significant challenges around the infrastructure and the rebuilding works and have been delivered through us working really hard on the timetable. For example, our timetable reduced a lot of the operational complexity. We reduced some of the splitting and joining of trains outside London and so trains are not waiting for other portions of units to join them. We lengthened some of the turnaround times at stations like Cannon Street and Charing Cross so that trains have more time to make up delays in their journeys. We did things like introduce additional drivers at some of the London terminals to make sure that if things did not go to plan, we were more able to more rapidly recover the service.

Of course there is always more that we can do and we know that passengers expect quite rightly from us that we are able to deliver a more reliable timetable. That is why last week we published to customers a joint performance plan with Network Rail to set up where we are at the moment in terms of performance, what some of the challenges are that we are facing together and how we intend to overcome them. There is always more that we can do to improve performance and that requires us to work closely on those delays that are within our gift as the operator, those delays that Network Rail is responsible for as the infrastructure maintainer and those that we can manage together. That is why we published our plan last week that set out what we intend to do.

Caroline Pidgeon MBE AM (Deputy Chair): Performance still is not that great considering you have cut out even more trains and people are cramming on to even more packed carriages. One of the issues from that is compensation for disruptions. We have the whole Delay Repay compensation, which is if you are delayed by 30 minutes or more. What we have seen with the Govia group is that season ticket passengers can apply for enhanced compensation if they have 12 delays in a month that are over 30 minutes. However, Southeastern between January and the end of April did not seem to receive any claims for enhanced compensation, which seems quite extraordinary.

Are you not promoting this to your passengers or is it that actually this compensation scheme does not meet the needs of passengers on these metro commuter services because, although they may have their journey doubled in length, which is frustrating - a journey from 12 minutes, say, to 25 minutes - they are not entitled to any compensation?

David Statham (Managing Director, Southeastern Railway): A couple of things. I just wanted to go back to the point about London Bridge and the timetable. Actually, the timetable on Southeastern has not taken any services out. We are actually putting more trains into traffic and more journeys into traffic than we ever have done before.

Caroline Pidgeon MBE AM (Deputy Chair): This is Southern, then? OK.

David Statham (Managing Director, Southeastern Railway): I do know that the works at London Bridge have required some fairly significant changes on our sister TOC, Southern. For us at Southeastern, it has not led to significant reductions in terms of the number of trains. It has led to big changes in the stopping patterns, particularly on those Charing Cross services.

In terms of the compensation side of things, you are right to point out that we use what is probably an industry standard in terms of Delay Repay. We have overlaid on top of that an additional scheme in terms of looking at those who have been significantly affected by disruption a significant number of times in a four-week period. On top of that, we have on occasion done additional *ex gratia* compensation. We had some real challenges last year on the Hastings Line when there were landslips that caused people on that line of route, for example, to suffer rail replacement services for a number of weeks. We gave out additional compensation on top of our Delay Repay scheme. Therefore, we do look at compensation for people.

Caroline Pidgeon MBE AM (Deputy Chair): Between 5 January and 26 April, Southeastern did not receive any claims for enhanced compensation, yet we know that it has not been performing as well as it could. Why would that be?

David Statham (Managing Director, Southeastern Railway): One of the things I wanted to pick up on in terms of our performance is that in periods 11 and 12 of this year, which were February and March after the London Bridge works, we actually delivered the best performance we have ever delivered in the history of our franchise at that time of the year. If you compare how we performed directly after the London Bridge works, actually, it was fairly strong in terms of performance. That is not to say we cannot do better. That is not to say that there is a lot we could do to drive performance standards up. However, given some of the challenges we faced, actually, performance at that time of year was strong compared to what we have delivered historically.

Caroline Pidgeon MBE AM (Deputy Chair): They are not the figures I have here, but I do not want to get into a debate. I want to focus just briefly on compensation. Why are people not claiming and what will you do? I understand you have been giving out Costa Coffee vouchers, which I am sure some passengers may appreciate. However, when they are paying thousands of pounds for their travel, what are you doing to ensure that people who have their journey doubled in length but are just outside the 30 minutes have some compensation for the underperformance of the network?

David Statham (Managing Director, Southeastern Railway): We promote the enhanced Delay Repay. We make sure that people understand what they are entitled to in terms of compensation. In terms of the Costa Coffee vouchers, that was after one particularly bad day that we had had when there was an engineering overrun. We knew that passengers had really suffered in both the morning peak and the evening peak and we want to go out and say sorry to people.

Valerie Shawcross CBE AM (Chair): It was a gesture of apology.

Caroline Pidgeon MBE AM (Deputy Chair): Yes, but an apology rather than full compensation.

David Statham (Managing Director, Southeastern Railway): It was not there to replace the compensation. Actually, we felt we should be out there talking to people and saying, "Look, we are sorry". It was important for us to go out there jointly with Network Rail and we went out and handed out some coffee vouchers to people and said we were sorry and talked about what we were doing to learn the lessons for the future.

Caroline Pidgeon MBE AM (Deputy Chair): I would like to bring in Stephen because I am not really hearing from the TOCs answers to my specific questions. What do you think would be the model of best practice in terms of compensation for passengers who are still suffering considerably?

Stephen Locke (Chair, London TravelWatch): The first point is that what we have at the moment is clearly not good enough. We have a different kind of problem in London from that which prevails on National Rail services outside the capital because, as you say, Caroline, many journeys in London might take only half an hour. A regular delay of, say, 20 or 25 minutes, which is not, sadly, that unusual, is a huge inconvenience and over really quite a long period. Fundamentally, although I appreciate that Southeastern and other TOCs are following the National Rail model, the fact is that the National Rail model is not appropriate for passengers in London.

We at London TravelWatch have been pressing very hard the case for recognising delays over 15 minutes following the TfL model and for automatic repayments using an Oyster or near field communications when people have paid by that mechanism. This is something TfL already does when there are significant problems on Underground lines and we understand that the mechanisms are there and could be used if the TOCs were willing to pick them up. There is obviously a cost attached to that. We would not deny that for one minute. Equally, there is a huge cost to customers who have to pay the long-term effects of serious delays or cancellations.

Caroline Pidgeon MBE AM (Deputy Chair): That was very helpful. Thank you.

Steve O'Connell AM: This is a question, really, for Phil and Paul [Harwood]. Thank you for everything you are doing to improve it for my constituents.

The narrative was around capacity and volume and scheduling, but over yesterday and last week there were two days when there were some serious issues the southeast and the south, which were more about resilience. Last week there was a tree collapsing and the network went down. Yesterday it was signalling affecting Purley and the south area. What I am hearing in your dialogue is about improving the scheduling and the capacity and addressing that issue, but those two days that caused a lot of inconvenience were more about resilience against bad things happening. I did not quite get that from your earlier contributions, Phil and Paul. Would you like to comment on that at all?

Phil Hufton (Managing Director of Network Operations, Network Rail): Yes. The tree incident was during particularly bad weather and we always have had weather we cannot predict. We do predict it, but at this time of the year we have a vegetation plan. Within the vegetation plan, it is about removing vegetation that is going to have an impact on the performance of the railway. One thing that does get in the way is bird-nesting season, unfortunately, when part of our process is to stop cutting down trees during a period of time. In terms of that particular incident - and this is why we are building our resilience for disruption and incident management and the reason we are taking this pan-London approach - quite clearly we did not get it quite right. Again, building on having capabilities where we have people strategically placed on the railway to respond to incidents is part of this process that we are developing. It is something that I put in place in London Underground and we learned some lessons from it. We have to do better with our response and recovery times. We never even measured that previously. Now that is part of the process and setting some targets on how we might improve. It is a lessons-learned process. It does cost money, of course, but it is about balancing to make sure that we can improve on resilience for our customers. The ability to get people to a location when an incident happens is something that we are looking at through both rail and road.

The track circuit failure was one created by an internal joint on the railway. It was something that was very difficult to locate in the time to do that. Quite often, you can go through a process of investigation to get to

the cause of the problem. Often, a better approach is to just remove it completely. However, when it is something within a rail where two rails are joined together, to do that during a peak period of time, you make a judgement call about whether you stop the rail completely - and to carry out that piece of work can take up to two hours - or whether you, alternatively, continue the system running. It is about making sure, as you say, that we build up on our resilience and that is part of the process.

Steve O'Connell AM: Just lastly and very briefly, the point is that the general public does not see the nuance or the difference between the structural problems at London Bridge and things like trees falling over and signal failures. You may be - and you are - improving or trying to improve the service around capacity and timetabling, but the general public conflates the two. They see that yet again they are being let down. It is a challenge for you and I just would posit it there because I think you are aware of that.

Phil Hufton (Managing Director of Network Operations, Network Rail): Thank you. The number of incidents has reduced by a third since March, but again it is still not good enough and we have to get better at this.

Valerie Shawcross CBE AM (Chair): Phil, just in terms of critical incidents, I appreciate that things are still a bit rocky but we have not had a crisis recently. Have you been tracking forward where the very high-risk periods might be? Presumably, if there is a phase of component installations coming up, can you warn us now? Can you say when you think there might be a high-risk period for incidents?

Phil Hufton (Managing Director of Network Operations, Network Rail): In terms of trying to understand how the infrastructure works more effectively, we have now installed more remote condition monitoring. That gives us the ability to recognise when assets degrade. Understanding the rate of degradation of an asset is something that is part of the process.

Valerie Shawcross CBE AM (Chair): In terms of the investment programme that is going on, presumably there will be commencement of different phases of works that will trigger issues. We had the short-circuiting of the components on the track there. Is there anything like that that we have to be worried about in the near future?

Phil Hufton (Managing Director of Network Operations, Network Rail): There is vulnerability. We have increased the maintenance teams and so we are doing more maintenance now than we ever did.

Valerie Shawcross CBE AM (Chair): All right. You are keeping that a secret and it will be a nasty surprise.

Phil Hufton (Managing Director of Network Operations, Network Rail): No, I have no plans for any surprises, Val, I can assure you. Obviously, we are trying to prevent things failing. If I could predict when the next asset was going to fail, I can assure you I would fix it before it did.

Valerie Shawcross CBE AM (Chair): There is not a phase of work that you consider to be a high-risk period?

Phil Hufton (Managing Director of Network Operations, Network Rail): Whenever we are developing London Bridge, we are always going to have vulnerability. However, we are in much better control now than what we were.

Valerie Shawcross CBE AM (Chair): OK. We are not going to get an answer on that. The hot weather was an issue. There are many trains that still do not have air-conditioning. Do you have any priority arrangements in place to prevent trains without air-conditioning sitting out and waiting to come into London Bridge for

dangerously long periods of time? During the hot weather, we had incidents of people suffering heatstroke and fainting and they were in the trains that do not have air-conditioning. They were being held in the sun for half an hour or 40 minutes, waiting to come into London Bridge. Do you have a hot weather plan?

Phil Hufton (Managing Director of Network Operations, Network Rail): We have a hot weather plan in terms of the assets, but in terms of the train service I do not dictate which trains are running on the railway, actually.

Valerie Shawcross CBE AM (Chair): David, do you?

David Statham (Managing Director, Southeastern Railway): Yes. To pick up on the point, there are actually challenges with both the units that have air-conditioning and the more modern types of units because one of the challenges for us is in hot weather, if we lose the air-conditioning on an air-conditioned unit that is pretty sealed, we have to look after those as well because the --

Valerie Shawcross CBE AM (Chair): David, you run some trains without air-conditioning, don't you?

David Statham (Managing Director, Southeastern Railway): We do. What we are doing at the moment is, first of all, working through our fleet to make sure that the kit that we have works as reliably as it can. We are then very conscious of the risk on both types of rolling stock - that with air-conditioning and that without - that if a train is standing for a reasonably long period of time there are risks that that passenger environment becomes really difficult for people on board the train. Particularly in the summer, we have to be quick off the mark at getting the people to the train and being able to either get the train moving or get the people off that piece of rolling stock and looking after people in the interim. There are things that you can do on that rolling stock - like having door guards to enable the doors to open to let more fresh air in - that we factor into our plans as the operator. It is something we are very conscious of.

Valerie Shawcross CBE AM (Chair): OK, but the general picture from Network Rail is that you do not actually have a plan for public health during the hot weather. There were issues last year.

Phil Hufton (Managing Director of Network Operations, Network Rail): Only in terms of our response if we do get an incident where a train has to be stopped.

Valerie Shawcross CBE AM (Chair): OK. We should take this up outside this meeting because it would be a great shame if the learning that went on last year is lost because the key officer involved has actually retired and gone. There were some critical health incidents last year. A lot of people were affected. We picked up at that point the fact that Network Rail considers temperature an issue for assets but nobody was considering temperature as an issue for the health of passengers. We need not to let that happen again.

Phil Hufton (Managing Director of Network Operations, Network Rail): Yes.

Valerie Shawcross CBE AM (Chair): Yes? OK.

Richard Tracey AM: Could we turn to performance improvements, particularly with the TOCs? When are your franchises coming up for renewal, both of you? What is the date?

Tim Shoveller (Managing Director, South West Trains-Network Rail Alliance): The South West Trains franchise runs until February 2017 and there are discussions with the Department for Transport (DfT) about extending that franchise to April 2019. It is somewhere between those points.

Richard Tracey AM: February 2017, yes. What about you, David?

David Statham (Managing Director, Southeastern Railway): Our franchise was designed to take us through the works at London Bridge and through to June 2018 when those works will be completed.

Richard Tracey AM: Yes. First of all, the obvious question - because we are representing constituents and the travelling public - that I must ask you is: what pledges are your two companies going to give to us and indeed obviously the DfT when you come up for your renewals? I noticed, for example, that Southeastern bumps along right at the bottom of the graph for satisfaction levels at 74% and South West is on 80%, which is below the average. Meanwhile, overcrowding on South West Trains - and I know this because I use them all the time - is 5% overcrowded, which is pretty cattle-class, I have to say.

I am sure you know this because you must hear this a great deal, Tim. What are you going to promise us for improvement before you get a franchise renewal, if that is what you are going for?

Tim Shoveller (Managing Director, South West Trains-Network Rail Alliance): Indeed. The key focus of the last several years has been on managing the increasing volume of passengers whilst keeping performance improving because the two things can be opposed to each other. If you take, for example, Clapham Junction as a station that - as Paul [Harwood] referred to - is now hugely overcrowded or Vauxhall and if you think about those types of stations, let alone Waterloo, how we manage passenger volumes and flows through those stations is critical. If we just allow an uncontrolled scrum to take place, the amount of time the train is in the station will exceed the amount of time the train has in the timetable to be there. That is really critical when we understand in detail places like Clapham Junction where it is not just about people getting on the train to Waterloo; it is about allowing people to get off the train. It is everything from redesigning rolling stock to make sure that there is plenty of stand-back area so that when people are standing in the door area other people can get past. The doors open wider, for example. In some respects, some of our trains have two seats on either side of the carriage allowing a wider gangway in the middle so that people can move around other people who are standing. All of those things have been done.

Despite doing those things, passenger volumes, which have more than doubled since 1995, are now at the point where, even with those mitigations in point, we are going to have to find new ways of working. Even though our franchise is relatively short, we have agreed last summer with the DfT to buy a new fleet of trains, which is hugely significant in terms of the length of the franchise. A new fleet of trains is being bought. Angel Trains is buying them and we are going to introduce those trains - another 150 carriages - and they are of a very similar type to those that have been built for the new Thameslink services. There will be much wider, open carriages and fewer seats but, for the type of journeys they are operating on, we will be focusing around very high volumes of passengers. There will be faster acceleration and deceleration. That really matters.

A whole suite of activities is underway to eke out every single moment of performance that we can achieve to allow us to carry as many passengers as possible whilst redesigning the railway going forward. Of course, at Waterloo - and perhaps we will come back to this later - it is fundamentally the same layout there now on the domestic side that has been there since 1936. Over the next three or four years, we are going to rebuild that and increase capacity by 30%. Fundamentally, going forward, it is about increasing capacity significantly to provide better journey opportunities. That will improve performance because the biggest challenge we have with performance on a daily basis is overcrowding.

Richard Tracey AM: If I can stick with you on South West Trains for a moment and greater capacity, you have been talking about 10-car trains for, I should think, five years now and we do not see them. We see a few but we are not seeing enough. Fellow commuters feel it very strongly. I am amazed at their patience, actually. Where have these 10-car trains got to?

Tim Shoveller (Managing Director, South West Trains-Network Rail Alliance): Indeed. Of course, if I rewind a little bit to, say, five years ago, there was a discussion between the DfT and South West Trains prior to the last general election. It was not completed in time for the general election and that process had to restart. It was then to be at Waterloo. Platforms 1 to 4 at Waterloo are only eight cars long and they are the most significant constraint in terms of capacity on the South West Trains network. There was a proposal in Control Period 4 (CP4) to extend those platforms from eight cars to 10.

In fact, what happened as a result of discussions with the DfT, Network Rail, South West Trains and the regulator was that it was decided not to proceed with extending platforms 1 to 4 to 10-car length at Waterloo in CP4. It was felt, modelled and demonstrably the case that had we proceeded with that scheme at Waterloo some of the challenges that we have at London Bridge and other stations would have been repeated there.

The decision was made not to proceed with that scheme until and unless Waterloo International could be properly rebuilt and brought into service both to allow the displacement of trains whilst a major part of Waterloo was closed. Secondly, because there are inefficiencies in the way that platforms 1 to 4 would be rebuilt because it takes longer trains longer to get in and out and whereas we can run the entire peak service into four platforms today, after rebuilding we know it will require five platforms. Those platforms will now be there because the model we have chosen to approach is to do Waterloo International first.

To recap, I absolutely understand the frustration of passengers. I am frustrated. Our staff are frustrated. They would all like to have been operating longer trains before now. However, the decision was rightly taken that we should not close Waterloo to do that work until we had rebuilt Waterloo International and that is the plan that we now have.

On the Windsor lines, I should say, we are halfway through the programme of implementation of 10-car trains and that programme will be complete by the end of the year.

Richard Tracey AM: That is the set of trains that comes into the high-number platforms at Waterloo?

Tim Shoveller (Managing Director, South West Trains-Network Rail Alliance): Correct.

Richard Tracey AM: The other thing is that Network Rail has lengthened some of the platforms at other stations. You are talking about Waterloo but I know, for example, Putney and Wandsworth Town and so on have been lengthened, but still you are not bringing in the complement of longer trains that they call for. You want to deal occasionally directly with some of the councillors in Wandsworth and Merton. You will hear some real home truths from them about this.

Tim Shoveller (Managing Director, South West Trains-Network Rail Alliance): In the agreement that was reached with the DfT to increase capacity on the Windsor lines, as we call them, the high-platform numbers that serve Wandsworth and Putney, 14 of the 32 trains are now in traffic and will be available on a daily basis. We are nearly halfway through that capacity upgrade programme and it will be complete by the end of the year.

That does not mean that all of those trains are going to be 10 cars long. The first phase was to introduce 10-car services on the trains predominantly to Windsor, Staines and the Hounslow loop. That service will be completely made up of 10-car trains by the introduction of the new trains that we bought last summer, which I mentioned earlier, and they are due for 2017. There will be displacement of some longer trains on to Reading, which is a 10-car programme and which is also due to be complete by 2017/18. The programme was never due to be completed before those timescales.

Richard Tracey AM: Waterloo International, which you mentioned, has been closed for the Eurostar for eight years, is it?

Tim Shoveller (Managing Director, South West Trains-Network Rail Alliance): Since 2007.

Richard Tracey AM: People look at that and say, "Why is this station with five platforms in mothballs for so long when we are suffering the overcrowding on the other trains?" It is crazy. It is a shambles.

Tim Shoveller (Managing Director, South West Trains-Network Rail Alliance): I would not call it a shambles. I would call it really frustrating.

Richard Tracey AM: I think the passengers think it is.

Tim Shoveller (Managing Director, South West Trains-Network Rail Alliance): The reason it is frustrating rather than a shambles is because - and let me take you back to why - when the Eurostar station was built and opened, it was designed to be an international high-speed railway terminal and it served that purpose adequately. It is completely incompatible with being a station suitable for suburban passengers. The evidence of that is, as you can see, the huge scaffolding that we have created at the front of it. We took the decision about 18 months ago that it was quite rightly inappropriately and unhelpful to have five platforms closed at Waterloo when it is the country's busiest station. What we were able to do was to knock some holes in the wall from 19 to 20 and to then knock down a bit glass wall and put some scaffolding up. This is not elegant engineering; this is doing the right thing to allow the platforms to be used. They can now be used and they are used. Platform 20 is used on a daily basis and 21 and 22 are used on a contingency basis. To allow them to work properly, the whole station has to be redeveloped both from a passenger-handling perspective and indeed with a rearrangement of the track outside. That scheme is now in place and Paul [Harwood] can talk about it with great elegance, I know, and physical work is expected to start in January and February next year.

We are nearly there with Waterloo International. It has taken too long. It has been a frustration. However, what was not possible was effectively to use the platforms in their current orientation without impeding the passenger flow. When we do use platforms 21 and 22 at the moment, we often receive negative passenger comments about them because the walking time is so great. That is a key objective of the rebuilding programme that starts next year.

Richard Tracey AM: Let me just move from South West Trains to Southeastern. There is this situation with satisfaction levels and you are at 74% according to the latest charts we have. That is an appalling state of affairs for Southeastern, surely. Why should the DfT not simply take your franchise away and give it to TfL, which has been bidding for it forever? What are you going to do about it?

David Statham (Managing Director, Southeastern Railway): For us, 74% is massively disappointing.

Richard Tracey AM: You can say that again.

David Statham (Managing Director, Southeastern Railway): We know we can do better and we know that we have done better. Just a year before those results came out, we actually delivered the best ever result that we have had, which was 84%.

It is really important to me and really important to us as a business over the next three years when we are running this business that we genuinely focus on what customers are telling us they want from us as a

business. We do lots of research, first of all, to understand what passengers want. If I am honest with you, it is not rocket science. What people want is better value for money. They want the train to be on time. They want a pleasant travelling environment. They want better information when things go wrong. That is why it is really important that that is our focus over the next three years.

For example, on value for money, we have done a huge amount of work over the last few months to offer better value for money for people in the off-peak. We are doing a huge amount of work jointly with Network Rail on performance and that is why we published last week our joint performance plan, which I will give the Assembly Members a copy of at the end of this session. We are doing a vast amount of work on information. For example, we have expanded our Twitter service to go 24/7. We have joined up all of our information systems with a new back office that makes the information more consistent. We have done a significant amount of work in terms of the travelling environment. For example, we are deep-cleaning every single one of our trains and every single one of our stations at the moment to make sure that people have a better environment to travel in.

It is not only important that we do all of this stuff; it is important that we get out there and tell people what is actually happening and what we are doing to address their concerns. We have also started to publish, every six months, a magazine for our passengers, which sets out what the key issues are for passengers and what we are doing to address them. We are publishing more performance statistics than we ever have done before on our website to let people know what the key performance issues are and what we are doing about them. We are publishing for the first time which services are the most crowded on our network and which services are slightly less crowded so that people, if they are able, can make a journey choice that is right for them. I know not everyone can change their journeys, but if we can influence just a few people to change their journeys, it makes a better travelling environment for everyone. It is massively important for us to do better.

Richard Tracey AM: Interestingly enough, on the charts we have, you do not come out too badly in Southeastern either on overcrowding - you are pretty close to the best there, apart from London Overground - or equally, on reliability. You seem to be quite well up the charts.

Stephen, I know you are London TravelWatch and not Passenger Focus, but what do you think of the TOCs and this performance that we have heard about and what they are trying to do?

Stephen Locke (Chair, London TravelWatch): For the record, I should explain that I am also a board member of Transport Focus and indeed chair of its Statistics Governance Group, which runs the National Rail Passenger Survey [NRPS]. Therefore, *mea culpa* if you do not like it.

Actually, 74% is the best of the story because 74% is the measure of satisfaction with individual journeys that people have taken on Southeastern. That means that 26% of journeys were not seen as satisfactory, which is appalling. If you actually look at overall trust and confidence in the individual rail companies, which Transport Focus - then Passenger Focus - published last summer, those figures are massively worse, especially in London and the South East because the fact is that people's belief in the rail companies has fallen to an all-time low. It is extremely poor. Certainly, if I were running a TOC, I would be very worried about the lack of trust that is now emerging.

David [Statham] talks about communication and improving that with customers. There is an enormous way to go because, frankly, I do not think they are listening much and when they do listen they do not believe what they hear. I wish it was not like that because I believe many of the issues we are hearing about are completely genuine. You cannot introduce major infrastructure projects like rebuilding the Waterloo platforms or London Bridge or Thameslink or Crossrail or whatever without disruption, but the public is entitled to high-quality,

timely information about what is going on and reasonable explanations because, fundamentally, most people are quite reasonable.

It seems to me, though, that what we are hearing is also a series of performance improvements, which I very much hope will happen, but the fact is that the tests and the requirements get more and more stringent as time goes on. Although these are great, they are in many respects drops in the ocean compared to the scale of the change that London faces with a massively burgeoning population and massively burgeoning increase in ridership. The only way to get around that, as I said right at the beginning, is to change the incentives for the providers of services and to develop a proper, integrated, long-term perspective.

Richard Tracey AM: I agree with that. I must say, Tim Shoveller, on the communications point that it was your colleague David Statham who was talking about communications but, frankly, the experience that we have had - those who use your service - is that your communications are appalling. I am sorry to tell you, but councillors whom I have to deal with in Wandsworth have been constantly writing to you personally and to other members of your management and they just do not get answers from you about problems at Putney Station and those sorts of things. Equally, members of the public write to me regularly and say just the same thing. I do not seem to be able to get any answers out of you, either, when I pass on what they say. What are you going to do about that now? Your people who come to the passenger transport liaison group of councillors do not know the facts, either. It is really a shocking communications performance.

Tim Shoveller (Managing Director, South West Trains-Network Rail Alliance): I take at face value what you say. Obviously, we reply to every communication that we receive. We are not always in a position to be able to tell people what they would like to hear as the answer, but we will always reply honestly --

Richard Tracey AM: It takes a long time.

Tim Shoveller (Managing Director, South West Trains-Network Rail Alliance): It may take a long time. Some of the questions that we are asked are very complex and there is no point just fobbing someone off with a simple reply if that is not what is appropriate.

You have raised a number of communication points. I heard you talk about passenger communications, for example, on disruption and then also the wider points about how we are dealing with some of the issues we have in our railway.

If we take passenger information first, one of the things that we can see - again, from an extremely low perspective - is that in recent NRPS surveys how we are dealing with disruption is showing an improving trend from a passenger perspective, I believe. That is something that I am encouraged about but it is from an extremely low base, despite the fact that we have now over 150,000 Twitter followers, which is an extremely useful way of communicating. All of our train crew and all of our guards have Blackberries so that our control centre, which is a joint control centre, can provide the most up-to-date information that it can to the guard on the train who can then make an announcement. Those basics are all in place.

We have put a huge amount of work into contingency planning so that actually, when there is a foreseeable event, rather than the teams on the day having to make it up as they go along, if you like, there is as far as possible a contingency plan to pull off the shelf and a consistent and simple approach to how we manage disruption. For example, if we are unable to run a full capacity of trains into Waterloo because of a problem, we will regularly focus on some certain routes like Hampton Court, for example, or Dorking, where there are alternative services from Victoria, or West of England services. We will focus our service recovery efforts on those trains so that our staff and to a degree our passengers become familiar with our contingency plan and it

does not come as a surprise, then, as to how we are going to try to recover the train service. Those are all things that were not in place three years ago.

Last Tuesday I was travelling to a funeral in Portsmouth and on that particular day we had had a disruption in the Portsmouth area that quite substantially disrupted the Main Line. I would be the first person to agree that the way we were communicating with our passengers – in my case, I was at Waterloo trying to get to Portsmouth – was not good enough. There was some fantastic work. They ran a special train from Waterloo to connect with a train that was going to go to Exeter. They ran a special train and it was on the board, “Passengers from Exeter, go to Woking and change at Basingstoke”, but we missed off the Portsmouth passengers. There are things like that.

When I was talking to the control team afterwards, I was saying, “Great, you did such a good job here, guys. You ran a special train. You advertised that you were going to move passengers to Exeter to change at Basingstoke. Why did you not say to passengers going to Portsmouth to go to Woking?” Of course, the challenge they have is that with a train arriving and departing from Waterloo every minute during the peak hours, the volume of information and the volume of trains is so great that, even with a team of 40-odd people up in the joint control centre, on occasions they will miss things. We have to recognise when that happens and try to make sure it happens less in future. The intensity of the service does give us a real logistical challenge there.

Richard Tracey AM: All right. I just have a couple of quick questions before I must hand over to my colleagues. One is about this alliance now between South West Trains and Network Rail. Is that producing benefits? Can you tell me quickly?

Tim Shoveller (Managing Director, South West Trains-Network Rail Alliance): The alliance has produced lots of benefits and some things have been quite challenging. Yes, there is absolutely no doubt that when it comes to delay-per-incident, big incidents are now having 31% fewer delays than they were before the alliance. There are some things like that that we can measure very clearly. We have changed a whole number of aspects of our railway on the basis of the information that we now share with one another and that will continue. In some respects, it did not necessarily need an alliance to achieve some of those things. It was about shared incentives.

It has also made some things harder. The legal environment of the UK railway structure at the moment is one that does not lend itself naturally to having an organisation responsible for both infrastructure and train operations on the Main Line. We have a number of challenges in that environment. We had to work very hard to create a sustainable legal position. That is something that does need to be developed in the long term. Yes, there have been benefits and I think everyone involved has learned a lot and that has also been really important.

Richard Tracey AM: A last question from me. Because you all talked about the great expansion that we are going to see in the number of travellers on the trains, it would help us to know which are the most crowded trains that you have on both South West Trains and Southeastern. Would you be willing to provide us with a list of the most crowded trains with details of how crowded they are? Would both of you be prepared to do that on your services?

Tim Shoveller (Managing Director, South West Trains-Network Rail Alliance): For your information?

Richard Tracey AM: For our Committee, yes.

Tim Shoveller (Managing Director, South West Trains-Network Rail Alliance): Yes, to the extent that we can. I do not see any reason why not. We are very conscious of the level of overcrowding. Some of it you will see in the data that is provided by the DfT that lists our trains. We are very happy to share that with you.

We have thought about sharing. We have tried - and in some locations have implemented - a colour-coding system for our different trains. We took advice from our passenger groups and actually it was not providing much assistance because for periods of time every train just came up red. Therefore, we did not do it, but only on the back of consultation that decided it would not be helpful. I am happy to share with you some of the volumes.

Richard Tracey AM: Southeastern?

David Statham (Managing Director, Southeastern Railway): Of course. We are going to respond back to the consultation on 1 July and we will set out some of the crowding challenges for us.

Before we move off, I did want to talk briefly about listening to passengers. I did not want the Committee to go away without understanding that we are genuinely committed to listening to passengers. We do a huge amount of work to get the feedback in. We do meet-the-managers. We do customer research --

Valerie Shawcross CBE AM (Chair): We have heard that, David, and we appreciate that. I am just a bit concerned about time because we are overrunning at the moment.

Steve O'Connell AM: Just to complete the set, can we take up with Southern the same question? It is being somewhat parochial if we do not.

Valerie Shawcross CBE AM (Chair): Yes, we will ask a standard set of questions. Of course we will.

Caroline Pidgeon MBE AM (Deputy Chair): Yes. They are not all there. We need all of them.

Valerie Shawcross CBE AM (Chair): We are not particularly picking on the two TOCs that have been kind enough to come today.

Steve O'Connell AM: Yes, indeed.

Richard Tracey AM: That is true.

Steve O'Connell AM: There is an empty seat over there somewhere for Southern.

Valerie Shawcross CBE AM (Chair): We have nine TOCs in London and we are interested in all of them. I would just put it briefly to David [Statham] that sometimes this is not rocket science. For example, if you walk through all your trains and listen and test the Tannoys, you might be surprised that some of the communication is actually about having functioning Tannoy systems.

Tom Copley AM: You can barely hear them a lot of the time.

Valerie Shawcross CBE AM (Chair): Yes, sometimes you cannot hear them and it does not cost a lot of money to work that out. Tom, can we move on?

Tom Copley AM: I have a set of questions on franchising now, the first of which is what further changes to franchising you think the Government should introduce. Perhaps I could start with David?

David Statham (Managing Director, Southeastern Railway): For us, our job in terms of running the TOC is really to do the best we can within the contracts that we have. It is not for us to define that sort of contracting framework. That is really a decision for the Secretary of State for Transport to decide what the best option and to balance the needs of passengers in London and passengers in Kent. My job, I feel, is to sit here within the contractual environment that we have and do my absolute best to deliver for passengers.

Tom Copley AM: From your perspective, it simply is up to the Government to come up with a framework and you will fit within whatever framework the Government is -- Do you not have a view on that and how it could be improved?

David Statham (Managing Director, Southeastern Railway): What is important for us, if it is an option that the Secretary of State for Transport wants to pursue, is that we work closely with TfL and we work closely with the DfT to make sure that whatever franchise structure the Secretary of State thinks is right come 2018 is the right one to balance the needs of the different communities we serve. We have already worked closely with TfL when devolution was last discussed a couple of years back to look at making sure that those proposals reflected our experience of running the network and reflected some of the complexities of splitting a company that has been one joined-up entity for over 100 years into two different TOCs. Of course, we would continue that approach and work with TfL were that to be something that both the DfT and TfL wanted to pursue.

Tom Copley AM: To give an example, the DfT on Thameslink is taking the revenue risk with the fares. Do you think that is a good model and the model that should be rolled out, perhaps, across the board?

David Statham (Managing Director, Southeastern Railway): There are different challenges for different TOCs. One of the reasons that in my understanding the Thameslink contract was let without revenue risk is that the complexities of understanding what the works at London Bridge do to the revenue of a company that was running some services through London Bridge and now is not running through London Bridge at all and then will be greatly increasing its service frequency through London Bridge when the Thameslink programme is finished in 2018. The model that was set up for Thameslink transferred the revenue risk to the Government because, actually, it would be very difficult to forecast what that revenue is when the railway is changing so much underneath the company.

My company has a slightly more understandable set of impacts on its timetable. We understand what is going to happen to our timetable, our passengers and therefore our revenue base over the next three years. We are therefore more able to more easily forecast revenue and so we are on full revenue risk. For me, it is different horses for different courses. Different models are appropriate to different parts of the railway at different times in their lives.

Tom Copley AM: Before I bring in Stephen [Locke], can I just ask Tim if he agrees with what David said? Do you have any difference in view?

Tim Shoveller (Managing Director, South West Trains-Network Rail Alliance): 'Horses for courses' is absolutely the right summary. A different model for each franchise depending on what the Government wants it to achieve is absolutely fundamental. That is a good thing because it is a more mature approach that has evolved than perhaps at the start of privatisation.

The key thing for me is about aligned incentives. When Sir Roy McNulty [Chairman, Rail Value for Money Study] did his report for the coalition Government five years ago, it was one of the key areas that he talked about and industries getting better at working around some of the incentives and making it work better. However, as we move towards Control Period 6 (CP6), there is a huge challenge for the regulator, for the

Government and for TOCs to work to create incentives that are aligned between each and every one of the organisations that are in place, focusing on what we want the key outputs to be. It has been great to see some of the other franchise competitions recently launch, for example, that passenger satisfaction achieved through NRPS was perhaps enabling and allowing, whether it be replacement of rolling stock or a more generous - if that is the right word - refund scheme when things go wrong. As an operator, I welcome those things. I want to be in a position where, if something goes wrong, we can apologise to our customers appropriately. The evolution that has been underway in the franchising model, especially over the last 18 months or so, is going of it in the right direction. More of it, but the right direction.

Stephen Locke (Chair, London TravelWatch): Fundamentally, of course, this is an issue for the DfT and for the Mayor and for the Office of Rail and Road (ORR) because it is a matter of not what the TOCs decide to do but what they are required to do. The fact is that TOCs do work within the Overground concession-type model as much as they do within the franchise model. If the rules are there, people will follow them.

There is a broader issue here, though, which is that fundamentally franchising is a commercial model where a company is given an opportunity to use assets and to develop a business on the basis of that. There are many variants on that but the original idea in the early and mid-1990s was that the framework would be a fairly loose one and companies would be free to do what they wanted within it. Over time, it has become increasingly watered down and what we are talking about here is probably further watering down. The problem, though, is that the further you get from that commercial model, the further you are from the idea of a franchise at all.

The fact is that in London we have a very different set of requirements. We have a closely regulated market. There is not really any freedom in terms of ticket prices. It is based on Travelcard zones, essentially. There is virtually no competition in terms of individual users of the system. There is a huge dependence on integration both in terms of ticketing and in terms of people interchanging their journeys from a National Rail operation to a TfL service. What you have overall is something that is pretty much a utility rather than a private-sector transaction and one where we think the whole concept of franchising starts to fall away completely.

What is really not good enough for London passengers is the argument, "It is not in our franchise and so we are not going to do it", even when there are overwhelming arguments that it should be done. A classic example is the very substantial number of services within the London boundary that are still run only on a twice-per-hour basis, which for a metro-type train system is miles away from 'turn up and go' and miles away, I would say, from efficient use of the assets concerned. The fact is that at the moment those are not deemed to be worth improving because the franchises do not encourage it. That is not good enough.

We have to start with passenger needs. We have to work out what the capital's transport system as a whole requires and then develop a mechanism that meets that.

Tom Copley AM: Would you favour us moving in the direction we have seen particularly with things like London Overground, where you have a much more tightly regulated service, essentially a management contract? Is that something that you want to see more widely rolled out?

Stephen Locke (Chair, London TravelWatch): Overwhelmingly, yes. Indeed, we argued strongly that the Southeastern services as far as Dartford and Sevenoaks should have been included when the West Anglia ones came up. It was decided not to continue that and so we are now with just one further extra concession, although we do of course also have the TfL Rail model between Shenfield and Liverpool Street.

Both of those two examples, West Anglia and Shenfield-to-Liverpool Street, will be very interesting to look at because they are actually a bit different from the rest of the Overground. They have not had huge investment in them and they will not get the enormous kick-start, if you like, that was possible elsewhere. It will be very

interesting to see whether TfL is able to deliver significant performance improvements given what it has. I am very optimistic about that and that model will probably be useful for many other services, if not quite all.

Tim Shoveller (Managing Director, South West Trains-Network Rail Alliance): The number of train services that we run now compared to when we started the franchise has increased significantly to the point where there are no paths available to run any more trains. It is not the case that franchising has not worked to increase the number of train services. It absolutely has. What needs to happen now to allow franchises to run more train services is to provide more infrastructure. The model of how we do that is key but --

Tom Copley AM: There is also reliability and quality and things like that --

Tim Shoveller (Managing Director, South West Trains-Network Rail Alliance): Yes, absolutely.

Tom Copley AM: -- which of course we see a lot more on the London Overground where that has operated than we see perhaps with --

Tim Shoveller (Managing Director, South West Trains-Network Rail Alliance): Yes, I totally agree. I was recalling when I used to run what is now London Overground 20 years ago. Despite the heroic efforts of some fantastic people who were part of the team, it was an old railway, it was in poor condition, the infrastructure was tired and it was very much unloved. It has been a wonderful transformation to see what has been achieved today at some significant expenditure and after closing it for an extended period of time. I suspect that passengers into Waterloo, whilst they would probably welcome the expenditure of several billion pounds, would not welcome the closures that were associated with it. This is all about balance.

I am very pleased that a few months ago we were able to agree with the DfT some additional train services on parts of the network where there is capacity on Sundays and things like that. There is absolutely no excuse being given to say we will not do those things; we will. I am delighted about the fact that we are able to do those things again, even with only two years left to go in the franchise. I do not think these things have to be a restriction on what is possible. It is really about the will and the intent of the organisations and the ability, where the capacity exists, to optimise our railway.

Tom Copley AM: Paul and Phil, do you want to comment from a Network Rail perspective on this?

Phil Hufton (Managing Director of Network Operations, Network Rail): Very briefly, of course we support what the Mayor and TfL are trying to do in terms of improving standards of service and we will always support that. You may be aware that recently we transferred 24 stations over to London Overground Rail Operations Ltd (LOROL) at the end of May and we also transferred a further 12 stations to TfL. We are very much in support of doing what is right for the customer. Paul, if you want to continue with that?

Paul Harwood (Strategy and Planning Director (South), Network Rail): Yes, sure. Going back to the core question about the franchise element as well and then building from there, most of the key things have been said about aligned incentives that then lead to good collaboration and co-operation in terms of delivering outputs.

The point about the revenue risk is one that links back, for me, to flexibility. When you have a major investment, you need the ability. You have the flexibility. You have unpredictable revenue impacts. What you want to do in terms of the access to do the work quite often is developing. You either do it that way or you make sure there is enough flexibility. Quite often I am involved in conversations when, as Tim [Shoveller] and David [Statham] have said, the TOCs would like to make a change in some way, shape or form and they recognise it is important, but the contract is in place that has a degree of constraint. In the DfT's defence, the

contract is there because it needs to hold TOCs to account and it needs the framework mechanism to monitor against.

It is that difficult balance and conundrum about having the framework to manage the competition through, which is the same situation that TfL will have with its concession and you need something to actually manage that concession process through, but then having the flexibility to evolve over what might be an eight- or ten-year period without having too tight a shackle on it. That is the tricky balance that we think is really important for a franchising mechanism. In relation to Govia Thameslink Railway (GTR), the position is managed through the DfT holding the revenue risk, which gives it more flexibility in managing that process, rather than pushing a lot of that control on to the TOC.

Tom Copley AM: Flexibility is the key thing.

Paul Harwood (Strategy and Planning Director (South), Network Rail): Yes.

Valerie Shawcross CBE AM (Chair): Darren was going to pick up the devolving proposals..

Darren Johnson AM: This is looking to the future and how the Mayor's proposals for devolving suburban routes to London could benefit rail users in terms of more lines coming in.

Stephen Locke (Chair, London TravelWatch): We hope that it would provide benefits in terms of improved frequency, improved train and station quality and improved reliability. Obviously, it is a long wish-list and many others have been working on it, but the fact is that the Overground has demonstrated what can be done. We very much hope, as I said earlier, that the West Anglia devolution and the takeover of TfL Rail between Shenfield and Liverpool Street will demonstrate further how that can improve things. If that delivers - and I have great confidence that it will - then it will demonstrate what can be done in the future.

Darren Johnson AM: With the first phase of the Overground, we saw massive and very dramatic improvements. Can that be achieved only with very significant sums of investment and the sorts of closures that Tim Shoveller was talking about?

Stephen Locke (Chair, London TravelWatch): That is the test for now, really. As I mentioned earlier, the initial Overground takeover was indeed accompanied by a vast amount of investment, infrastructure improvement and, indeed, closures and the building of completely new lines in some cases. What we have now is a different kind of takeover, if you like, and it is very important that that is studied closely so that the lessons that come from West Anglia and TfL Rail can be built on and then applied in the future. However, as I said, I have good reason to believe that things will improve quite significantly.

Darren Johnson AM: In a way, this is a more significant test for future lines where we are not talking about new infrastructure necessarily but where we are just talking about improving services and reliability?

Stephen Locke (Chair, London TravelWatch): That is right. We did actually urge DfT Ministers to commission an independent study of the impacts of TfL's takeover and they said that it did not have sufficient cost benefits, whatever that actually meant. However, there is still a case for independent observation and as much measuring as possible. TfL is actually going to do that, but of course a degree of independence might help as well.

Darren Johnson AM: Let us hear from the others. Are you terrified at the thought of TfL expanding its empire over rail or are you relaxed and confident, David?

David Statham (Managing Director, Southeastern Railway): We of course have worked with TfL, as I said earlier on, in terms of the last time that we debated the transfer of parts of the Southeastern network into TfL. We understand what was set up last time around in terms of the Mayor's vision for rail, which sets out broadly the LOROL model that it would seek to apply to the metro parts of our network. It would be great to understand those proposals in a little bit more detail.

As I said earlier on, if it is the right thing for the Secretary of State to ask us to work with TfL, it is really important for us to work together with TfL to make sure that, first of all, those proposals recognise some of the complexities of splitting a business up that has been very heavily integrated both operationally and in terms of the way the business operates and that we work through the practicalities of making a remapping of the franchise work and then, secondly, that we work through how we balance the needs of different communities. This is something we have had to do over the last nine years of running the franchise. It is to balance the needs of communities in Kent against the needs of communities in London. I know you are going to be hearing from Kent County Council in the next session. It is really important for us that that balance - working together to make sure the timetable in particular serves the needs of all the communities it serves - is reflected in whatever contractual structure comes out of the next round of contracting.

Darren Johnson AM: You do not want to rob Peter to pay Paul. You actually want to see an improvement or standards maintained?

David Statham (Managing Director, Southeastern Railway): Yes, of course.

Stephen Locke (Chair, London TravelWatch): I have one very quick observation on David's point, which is that of course we already have Overground services operating beyond the London boundary to the north. There have been services operating to Watford for some time and there are now services to Waltham Cross and Cheshunt on the West Anglia lines. It seems to me that another aspect of the West Anglia study that needs to be done is how that joint accountability of the Greater London Authority (GLA) on the one side and one of the Home Counties on the other might be useful in relation to Kent as well.

Darren Johnson AM: It is not just the technical side; it is obviously the Government's side as well?

Stephen Locke (Chair, London TravelWatch): It is the political side as well. Hertfordshire County Council is a key participant in that.

Darren Johnson AM: Yes, that is the important point. Tim, any thoughts from you on this?

Tim Shoveller (Managing Director, South West Trains-Network Rail Alliance): We started this discussion talking about capacity and fundamentally delivering the best quality rail service we can for as many passengers as possible. How we manage and grow capacity is the fundamental point. Whilst I am not going to get involved in a turf war and I am relatively agnostic in terms of what model is deemed to be the right model, the tests we must really apply to it are those of whether the proposals help to manage capacity better or not. That might be different in different places. I suspect there is not a one-size-fits-all model. I suspect that model might change with time.

We are doing everything we can, working with TfL, to make sure Crossrail 2 is developed because I am convinced that that is where we should really be putting our focus on increasing the investment and growth of the capacity of the network. Should that be developed, it would be crazy for that not to have a greater TfL influence. I am neither fish nor fowl on this. I am very much of the view that the right thing for the right circumstance is the best choice. I am also equally confident that whatever we want to achieve in higher quality services in whatever form - whether that is frequency or the level of cleaning - can be achieved as long as the

incentives are right. Capacity and incentives; if we stick to those two things, we can pretty much achieve whatever we want.

Darren Johnson AM: The Network Rail view?

Paul Harwood (Strategy and Planning Director (South), Network Rail): Very similar. We work with any TOC. We have different models everywhere. We already work very closely with TfL. LOROL is a very effective relationship. The objectives are clearly highly supported in terms of capacity and service quality, absolutely. The impact we already have in terms of local understanding, local planning and local co-ordination is critical, whether that comes through the concession or TfL directly. Absolutely, we are completely comfortable.

Darren Johnson AM: Could management of infrastructure be devolved to TfL, not just the rail services?

Paul Harwood (Strategy and Planning Director (South), Network Rail): It could, indeed. There are a number of caveats that come with that, very similar in a sense to the service planning side of it. Subdivision can bring inefficiencies in co-ordination. Indeed, things like Crossrail 2 make it harder in a sense rather than easier because we are joining together bits of the network across wider and wider areas. Planning and operating across an integrated network is critical. There are a number of different ways you could do that. It does not mean to say you do not have different parties as long as the relationship is strong. We are very strong believers in the network planning and network operation side of it. Who does it is a different issue.

Darren Johnson AM: Does TravelWatch have any views on that? The Mayor has recently made comments in relation to London Bridge, for example, that if TfL were running it there would be clearer accountability, clearer management and so on. What is your view on TfL expanding its scope and actually taking over the infrastructure from Network Rail and some of the services?

Stephen Locke (Chair, London TravelWatch): We are not scared of TfL expanding its scope. It has huge experience in terms of running complex, operations.

Darren Johnson AM: It seems to be doing pretty well at it.

Stephen Locke (Chair, London TravelWatch): Yes. They are not perfect - nobody is - but the level of competence and the resource that is available there is colossal. However that is done, whether in association with Network Rail or with local authorities or with TOCs, it seems to me absolutely crucial to leverage that ability and to allow, through TfL's role, an integrated approach to the system as a whole. That is really what was missing at London Bridge at least over Christmas. By Easter things had been patched up considerably. We have had a number of all-too-graphic demonstrations of how problematic our system is and how fragmented it can be.

Darren Johnson AM: The point you made earlier about getting the governance and the accountability right as well as simply the management and the technical side, is doable.

Stephen Locke (Chair, London TravelWatch): That is doable. As I say, the Hertfordshire model is something that could be certainly built on at the political level. Joint operations with Network Rail have been common for TfL for many years. There are many lines that are both Underground and Network Rail. There are mechanisms for dealing with that. It is a matter of broadening those lessons rather than necessarily developing anything completely new.

Steve O'Connell AM: Darren has already touched on some of the subjects I want to talk about, which are around devolution - I want to just dwell a little bit on the barriers again. We touched upon some of the challenges and something that could be seen as complex and potentially a threat to services - we will hear later the opinions from councils elsewhere - and how we can overcome those.

First of all, I have had friends talk to me about this issue. I have tried to explain to them what it means by breaking the services. Bear in mind I have no idea about these things; I have no idea of how to explain it to them. There seems to be quite a challenge in actually breaking down the services from outer London and then you come in. How will it be carried out? Without giving too much detail, in essence, how will the breaking of the services be done? When they are flowing through, how does that work? Can anyone comment on that?

David Statham (Managing Director, Southeastern Railway): It may be for me to pick up that one because I have already had some experience in this before I joined about two or three years ago.

Steve O'Connell AM: Yes, David, tell me how it works. How do you separate the two?

David Statham (Managing Director, Southeastern Railway): There are a couple of bits. The first bit is about the drawing of the geographical boundary, which Stephen [Locke] alluded to moments ago. The railway does not stop within the London boundary. We run services way beyond that boundary. The first debate is around the geographical boundary of what a metro railway would look like and then what a railway that serves the need of Kent would be. Once you have defined those boundaries, there is then the challenge of separating out that particular part of the railway from whatever is left of the railway in Kent.

We are a very, very integrated operation. Our trains work between the metro part of our operation and the Main Line part of our operation. Our drivers and conductors work across both sets of the boundaries. Our control is fully integrated with Network Rail as one single entity. What is important to us, once we have understood what those geographical boundaries are, is to work through how you separate out one very integrated organisation into two separate ones. That was the bulk of the work that was done a couple of years ago: to look at where that boundary might lie and what the complexities were of separating out those two parts of our organisation.

Steve O'Connell AM: The importance of the narrative is to see an improved service and also an improvement around fares on both sides of the border and there will be a dialogue later with Kent and others. TfL or the Mayor, need to be able to evidence that this will improve the services to those good people in Kent. Also, perhaps the opportunities on a fare structure. Stephen, what do you think around that? Is it 'cake and eat it' achievable?

Stephen Locke (Chair, London TravelWatch): It is not something we have investigated in detail. In terms of the potential benefits of a devolved mechanism and developing the LOROL model particularly, there are huge incentives to sort it out. If we were to say that because of depots or rolling stock or staff rosters or whatever it cannot be done, it will be the tail wagging the dog. The real need is to develop a service that meets the rapidly burgeoning needs of London's population. We have to see it from that way around.

I am very sympathetic to the points that David [Statham] makes. One should not wish those problems away. They quite clearly have to be dealt with. Whether it is a matter of entirely splitting up the staff and the trains and the rostering arrangements or whether it is a matter of some kind of joint operation even after devolution remains to be seen. There may well be some contractual arrangement that could make that work as an alternative to splitting up the kit and the people, if you like.

Steve O'Connell AM: When talking about barriers, we have touched upon the cost of infrastructure because there would be a significant infrastructure cost around that. That in itself, in these straitened times, could be a barrier. I know there is no detailed work as yet but does anyone have any thoughts around that? Paul, do you have any ideas of what would have to be overcome? Is that a big challenge?

Paul Harwood (Strategy and Planning Director (South), Network Rail): It is all the points we have talked about already. We are so close to and beyond capacity in most cases that the moment you erode the utilisation of that capacity by trying to split something out, you are going to have to not just deploy the investment that you need to increase capacity from now but you would put more on top because you need to try to run them as separate networks. We have not looked at it because it is probably almost impossible.

It would require a lot of money. It is about integration. You need an integration solution but it might be a way, contractually or commercially, of running that. Trying to actually split it out and change the service pattern in a way will step us backwards from where we are now rather than take us forward.

Steve O'Connell AM: There is an issue around economies of scale.

Paul Harwood (Strategy and Planning Director (South), Network Rail): Absolutely.

Steve O'Connell AM: Tim, you may be losing economies of scale. Do you have any thoughts about that?

Tim Shoveller (Managing Director, South West Trains-Network Rail Alliance): That is one of the key tests that we would have to make sure was answered. The train service itself is fundamentally there for the passengers. This is not about unit diagrams dictating the right organisational model; it is about how many trains we can run into a station in a defined period of time in a very crowded network. Those are the tests that it needs to be subjected to.

What is really important and where we must continue to work really hard as a joined-up industry is that from a passenger's perspective it should not really matter who the operator is. What should matter is the fact that the fare system should work sensibly, as we now are just about able to do and it does not matter whether you have a Smartcard or an Oyster card. You can have your Smartcard from Woking and you can go right through London on it and you can use it on the bus as well. It has been a long time coming but those are the developments that will really make a big difference to passengers; the right quality of service and right information, almost irrespective of whether that information comes from TfL, from Network Rail or from the TOC. We are as close to being able to provide those things as we have ever been. We must continue to work really hard on those areas.

Steve O'Connell AM: Finally, generally, the test will be to align the aspirations of the constituents of Kent and the south with those of Londoners so that both groupings get improvements. There may be a dialogue about an aspiration to perhaps reduce the number of stops in outer London stations. That clearly is not to the benefit of the good burghers of St Mary Cray and elsewhere. There are some tensions there. The challenge for us all is to work together so that there is an improvement for Kent, Surrey and the south and also for London. That is a worthy cause. Thank you, Chair.

Joanne McCartney AM: I am wondering how many franchises are out there where you could hive off separate lines, for example, the Thameslink and Great Northern. Many of us argue that the Great Northern should not be bundled up with Thameslink. The Great Northern would seem to be one that you could see quite easily falling within a TfL ambit. I am wondering if anyone has any thoughts about that.

David Statham (Managing Director, Southeastern Railway): I used to work for and be the Managing Director of that franchise until about six months ago and so I guess I am probably the best person to pick up on that. Across lots of the network there are different ways of re-cutting those routes geographically that could lead you to manage them very differently.

If we pick the Great Northern route, it runs some services that are almost pretty much confined within the London boundary in terms of the more suburban services into Moorgate, but it also runs some really long distance services out to King's Lynn. We are in the same position that Steve [O'Connell AM] was alluding to earlier on of making sure that, whatever part of the railway we chose to ream up the boundaries of, we need to protect the needs of both those who are inside an enlarged boundary for metro services and those who are outside it. We have managed those conflicts as the operator over the past nine years for people who want to run fast into London and miss out all the intervening stations and those in the intervening stations who want more trains to stop. We have done that through a whole range of timetable consultations over the last nine years. If you are remapping the boundaries of the franchise, what are important around that are the guarantees you give to both sets of communities that make sure that this comes out as a win-win for both sets of passengers, which is what everybody is looking for, whether it is through remaps, through some different franchising arrangements or through the franchise being re-let in its current form.

Valerie Shawcross CBE AM (Chair): We have overrun a bit on this session and so I will very quickly bring this to a close now. We have missed one question. We were going to ask Network Rail if there were any issues on the relationship between freight and passengers that we should be aware of.

Paul Harwood (Strategy and Planning Director (South), Network Rail): It is an ongoing challenge. We have talked before about LOROL. That works as a relationship in one sense. The investment that has already been referred to many years ago improved the capacity for freight as well as passengers. Then we are going to see increasing challenges in freight growth. We have the long-term strategy about trying to increase separation in a sense, which is all around trying to make sure the freight flows go where they need to go and passenger flows go where they need to go.

The Thameside route is an interesting one, almost in response to the last question as well. That is a discrete passenger franchise activity on one hand, albeit there is very little differentiation between inner and outer services and they serve London and beyond. Of course the interaction with freight there is quite significant. With the new port, the Thames Gateway, we are expecting that will be an increasingly challenging relationship because there is very little choice. They both share the same network and cross over some of the key pinch-points. It is an ongoing planning challenge. The long-term strategy is to try to improve both networks and to try to reduce the overlap and interface. If you have to manage it, then you manage it in a controlled way. Growth is predicted on both sectors, which will prove challenging but of course the freight flows are important for London as well and we cannot push them to one side completely.

Valerie Shawcross CBE AM (Chair): Thank you, all of you, for coming today and answering our questions as honestly as you have. Can I just put in a small bid to Phil [Hufton] if you would have a look at what happened last year on the hot weather management of London Bridge? Seriously, there were health risks and we do not want to see that happen again.

Phil Hufton (Managing Director of Network Operations, Network Rail): No, absolutely not.

Valerie Shawcross CBE AM (Chair): All of you, we will be probably writing for some follow-up information but that was fantastically useful and I hope you have enjoyed being with us here today. Thank you very much indeed.