



DEBATE PACK

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Performance of Govia Thameslink railway and Network Rail

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Summary

This debate will take place between 2.30 and 4.00 pm on 16 March in Westminster Hall. The Member who secured the debate is Jeremy Quin MP (Con., Horsham).

Relevant PQs and Parliamentary debates can be found via the following links:

[Thameslink](#)

[Southern](#)

[Network Rail and London Bridge](#)

[Network Rail and Victoria Station](#)

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1. Thameslink, Southern and Great Northern (TSGN) franchise

1.1 Basic information

Thameslink, Southern & Great Northern (TSGN) is the combined name for services operating on three former franchise lines, which retain their own branding. It also includes the Gatwick Express. It is owned by Govia, a joint venture between Go-Ahead Group plc and Keolis (the latter majority owned by the French state rail operator SNCF). The franchise began in September 2014 and is due to end in September 2021.

In 2014/15 TSGN paid a premium to the Government of £99.8 million, equating to a subsidy of -4.5 pppkm (pence per passenger km); separately, Southern paid a premium of £187.4 million, equating to a subsidy of -4.0 pppkm.¹

The National Franchise Terms that apply to this franchise, the Franchise Agreement and associated ancillary documents are available on the [Gov.uk website](#).

1.2 What will the franchise deliver?

The franchise combines the former Southern (including Gatwick Express) and Thameslink/Great Northern franchises and some elements of the South Eastern franchise. This combined franchise is the biggest franchise that has ever been let: it will have the largest income, the most trains and the most staff of any franchise in the GB rail market.²

When the franchise was awarded in 2014³ it was intended to deliver the following commitments:

The TSGN franchise will play a crucial role in delivering the government's £6.5 billion Thameslink programme – a major programme of infrastructure work that is helping create 8,000 jobs and will allow 24 trains per hour to travel in each direction from Blackfriars to St Pancras. New tunnels will link Peterborough and Cambridge to the existing Thameslink route providing easy access across London via St Pancras to Gatwick and Brighton.

The franchise will introduce 1,140 new carriages – already under construction - on the Thameslink network, improving services to scores of destinations, including the introduction of new cross capital services and a connection at Farringdon to London's newest railway - Crossrail.

¹ [\[ORR Data Portal\]](#) [accessed 10 March 2016]; this overlap is because Southern continued operating a separate service until July 2015

² DfT, [Consultation on the combined Thameslink, Southern and Great Northern franchise](#), May 2012, p4

³ the franchise procurement, begin in 2012, was suspended post-West Coast before resuming in 2013, see: op cit., [Consultation on the combined Thameslink, Southern and Great Northern franchise](#); DfT, [Thameslink, Southern and Great Northern 2013: invitation to tender](#), 26 September 2013; and [HC Deb 24 February 2014, c10WS](#)

In addition, Govia will order a new fleet of 108 carriages for the Gatwick Express service, replacing the current 25-year-old trains with a fleet better suited to the needs of airport passengers. It will also secure 150 new carriages to replace the 40-year-old trains currently operating on the route between Moorgate, north London and Hertfordshire.

That means the total number of carriages in service will grow to 2,631 by 2019 – an increase of 27%. It will also release some existing electric carriages to be used elsewhere in the country.

Govia will invest significantly in improving stations, including free wi-fi at more than 100 stations, better retail and catering facilities and improvements to customer information systems. Staffing hours will also be extended so that at more than 100 of the largest stations there will be staff available from the first train in the morning to the last train at night.

Demanding contractual obligations on the operator will deliver cleaner and more spacious trains and improve passenger satisfaction. Tough new benchmarks for performance, train and station cleanliness and customer service information have also been agreed.

The operator will also develop website, smartphone and tablet apps that will make door-to-door travel easier for customers, including planning journeys, buying tickets and booking onward taxis.⁴

It is important to note that many of the benefits from the new franchise will not be realised until the introduction of new Thameslink rolling stock and completion of the Thameslink infrastructure project in 2018.⁵

1.3 Devolution to TfL

On 21 January 2016 the Government and the Mayor of London announced that they would consult on transferring London's suburban rail services ("rail services that operate mostly or wholly within the Greater London boundary") from the various rail franchises where they currently sit, to Transport for London (TfL), to be run as part of TfL Rail as a 'London Suburban Metro' service.⁶

However, under the planned timetable, no current TSGN services to the south of London from Victoria and London Bridge would transfer before 2021 at the earliest.⁷

The *Evening Standard* reported that the TfL's rail services could stretch as far as Sevenoaks and Dartford in the South East, Epsom and Croydon in the South, Hampton and Chessington in the West and Hertford and Welwyn Garden City in the North.⁸

⁴ DfT press notice, "[New rail franchising deal set to transform passenger services across London and south east](#)" 23 May 2014

⁵ for full details on the infrastructure see HC Library briefing paper [SN1537](#); and for rolling stock and section 4 of [SN3146](#)

⁶ Mayor of London press notice, "[Transport Secretary and Mayor set out vision for rail travel](#)", 21 January 2016; TfL does not run its own rail network, it lets out concessions to the private sector to operate the railways on its behalf

⁷ DfT/TfL, [Rail passenger services in London and the south east: a new approach](#), 21 January 2016

⁸ "[TfL's London Overground to take control of capital's entire suburban rail network](#)", *Evening Standard*, 21 January 2016

2. Performance

The [Franchise Agreement](#) for TSGN contains information as to the punctuality targets and service standards the franchisee is required to meet.

Schedule 7.1 sets out the required performance benchmarks and the calculations as to what would be paid to DfT for failure to meet those benchmarks. The calculations involved in that amount are very complex (section 3 of the Schedule).

2.1 Public performance measure (PPM)

The public performance measure (PPM) shows the percentage of trains which arrive at their terminating station on time. PPM combines figures for punctuality and reliability into a single performance measure. It is the industry standard measurement of performance (it does not distinguish between extreme lateness and a brief delay). On this measure:

- TSGN's moving annual average (MAA, calculated over 365 days to 6 February 2016) is 81.7%. Comparing the same period in 2014/15 to 2015/16, it increased from 76.5% to 79.5%. The average for all operators is 89.3%.

2.2 Right-time performance

Right-time performance measures the percentage of trains arriving at their terminating station early or within 59 seconds of schedule.

Network Rail cautions that "the process for gathering data of this accuracy is currently not 100% reliable and the industry is working on improving the quality of this information to make right-time data more reliable". On this measure:

- TSGN's MAA is 52.6%. Comparing the same period in 2014/15 to 2015/16, it increased from 47.4% to 49.4%. The average for all operators is 64.8%.

2.3 Cancellation and significant lateness (CaSL)

In terms of Cancellation and significant lateness (CaSL), a train is counted as being cancelled if it is cancelled at origin or en route; the originating station is changed; or it is diverted. A train is counted as being *significantly* late if it arrives at its terminating station 30 minutes or more late. On this measure:

- TSGN's MAA is 5.3%. Comparing the same period in 2014/15 to 2015/16, it fell from 7.2% to 5%. The average for all operators is 3%.

2.4 Delay split

The delay split for TSGN shows that for the most recent period (10 January to 6 February), 63% of delays were attributable to Network Rail.⁹

⁹ [ORR Data Portal](#) and [Network Rail: performance](#) [accessed 10 March 2016]

3. Customer views

3.1 Passenger satisfaction

Transport Focus' customer satisfaction data is broken down into the constituent parts of TSGN.

Thus the most recent data shows that in Autumn 2015, overall Thameslink's passenger satisfaction was 73% and Southern's was 78%. In the five years to 2015 satisfaction levels ranged from a low of 72% for Southern in Spring 2014 to a high of 83%, also for Southern, in Autumn 2011.

In Autumn 2015 Chiltern had the highest satisfaction rate of any franchised operator (91%). The three bottom ranked operators (Thameslink, Southern and Southeastern) all share the common factor of operating on the line to London Bridge where extensive works are underway. This may account for some of the common dissatisfaction on these services.¹⁰

3.2 Complaints

In terms of complaints, the number of appeals dealt with by Transport Focus in 2015 for Thameslink was 34 – one of the lowest for any franchised operator and for Southern 118 – at the higher end of the scale, but a fall from a high of 198 in 2013.¹¹

¹⁰ Transport Focus, [National Rail Passenger Survey](#) [accessed 10 March 2016]

¹¹ Transport Focus, [Complaints](#) [accessed 10 March 2016]

4. Compensation

TSGN operates delay/repay. Delay/repay compensation kicks in at 30 minutes delay. The amount of compensation payable increases with the length of delay – 50% of the relevant ticket (or portion of ticket) at 30 minutes and 100% at 60 minutes. It is a ‘no fault’ scheme – compensation is payable regardless of the cause of the delay. Season ticket holders must claim compensation for individual delays in the same way as other ticket holders.

There are no collected statistics on the proportion of affected passengers who claim compensation. The best information we have is from work by third parties, which shows that take up of compensation is generally low. In 2014 the rail regulator (ORR – the Office of Rail and Road), found that only 11% of passengers who participated in their 2013 survey of 1,000 rail passengers ‘always’ or ‘usually’ claimed compensation when they were delayed; 15% said that they ‘rarely’ claimed and 68% said they ‘never’ claimed compensation.¹²

More information on compensation can be found in HC Library briefing paper [SN3163](#)

¹² ORR, [Passenger compensation and refund rights for delays and cancellations](#), February 2014

5. Network Rail

A general overview of what NR is and how it operates can be found in HC Library briefing paper SN2129, [Network Rail](#) (January 2015).

5.1 Performance & compensation

Of all the delays affecting TSGN for the most recent period (10 January to 6 February), 63% were due to Network Rail (NR).¹³

NR compensates train companies (TOCs) for unexpected delay through what is called the Schedule 8 mechanism.

TOCs are not required to pass on the compensation they receive from NR to the passengers who have also been delayed. Intra-industry and passenger compensation serve different purposes, as the rail regulator (ORR) explains:

The intra-industry arrangement, known as 'Schedule 8', is designed to compensate train operators for the impact of poor performance on their long term revenue. This is an important protection to operators and it also helps reduce the risk premium factored into franchise bids, and as a result reduces the cost of franchising to the taxpayer.

Passenger compensation arrangements are designed to provide redress for passengers when they are delayed. Franchise and other industry agreements require franchised train operators to compensate passengers for delays to their journeys.

While they both reflect performance on the network, Schedule 8 and passenger compensation arrangements therefore perform very different roles. There is no direct linkage between the two, with Schedule 8 relating to the compensation and incentive arrangements between train companies and Network Rail, and the passenger facing arrangements being a means of compensating passengers for delays to their journeys.¹⁴

However, in recent years the Government has recognised that the lack of a link between NR's performance failures and any associated fine levied on them being used to the express benefit of passengers, needs addressing. In July 2014 the ORR published its [assessment](#) of NR's performance against funded obligations between 2009 and 2014. It highlighted enhancements and growth in the railways, as well as shortfalls in performance for passengers which required NR to return £53.1 million to funders and improve the resilience of the network.¹⁵

On the same day the Department for Transport announced that the £53 million would be invested in fitting out trains with new wi-fi equipment, specifically on routes into London from Bedford, Brighton, Kent and Portsmouth as well as services into Manchester, Leeds and Sheffield.¹⁶

¹³ [ORR Data Portal](#) and [Network Rail: performance](#) [accessed 10 March 2016]

¹⁴ ORR, [Passenger compensation and refund rights for delays and cancellations](#), February 2014, Annex 2

¹⁵ ORR press notice, "[Regulator reports on Network Rail's performance between 2009 and 2014](#)", 7 July 2014

¹⁶ DfT press notice, "[Plans unveiled to boost wi-fi on trains](#)", 7 July 2014

This was the first time that money from a rail regulatory fine was reinvested into improvements targeted at passengers rather than going straight to the Treasury.

London Bridge

[London Bridge](#) is being upgraded as part of the multi-billion pound Thameslink Programme. Serious disruption to services due to works at the station began in January 2015 and will continue until spring 2018 when the revamped station is due to open. This has had a severe impact on TSGN and SET services.

In a report on the day-to-day operations at London Bridge in early 2015 the regulator said that over a number of visits inspectors had found that “there were adequate staffing levels, appropriate management arrangements and good levels of passenger information ... Our continuing monitoring suggests that the arrangements at LBG are sufficient to ensure the safety of passengers”.¹⁷

In August 2015 the regulator fined NR £2 million on the grounds that it did not “do everything reasonably practicable to deliver the reliability and punctuality needed to support the train services provided by Southern, [Thameslink] and in Scotland”. Specifically on the TSGN services, it said:

- There were serious weaknesses in the data which informed the new timetables. For example, a number of the timetable modelling assumptions made were incorrect as they were based on flawed data.
- Network Rail was overly optimistic in estimating and assessing the impact of the new timetable on performance. It significantly underestimated the impact of the Thameslink programme on performance, which was further exacerbated by a timetable that was not robust.
- These issues resulted in very severe disruptions and frustrations for passengers using London Bridge station. The company failed to engage adequately with the train operators to understand what impact the new timetables would have on their passengers and services.¹⁸

Consequently, in December 2015 NR agreed to set up a ‘Rail Reparation Fund’ for TSGN passengers; worth £4.1 million – twice the original fine. The Fund is intended to help passengers by:

- Increasing the number of staff at stations served by TSGN, improving the flow of passengers and the efficiency of train departures thus reducing delays to services;
- Employing more track workers to provide rapid response during disruptions; and

¹⁷ ORR, [Station management at Network Rail London Bridge station between January and March 2015](#), August 2015

¹⁸ ORR, [ORR investigation finds Network Rail in breach of licence in 2014-15](#), 10 August 2015

- Introducing incident management software to help quickly resolve issues that occur on Network Rail's South East route.¹⁹

5.2 Hendy review

In November 2015 the new Chairman of NR, Sir Peter Hendy, completed his review of NR's investment programme. He concluded that NR faced a financial shortfall and that in order to complete its programme it would need to raise money from selling some of its assets (largely property around stations) and would require an increase to its borrowing limit. This was because of the cost increases for the main aspects of the programme – by far the biggest increase was for the electrification programme (which increased by £2.3 billion on an initial budget of £3.2 billion). The Thameslink and Crossrail schemes are listed together, and saw a combined increase of £400 million, to £3.8 million over the CP5 period.²⁰

The subsequent *Enhancements Delivery Plan update*, published in January 2016 describes the final stage of the project – Key Output 2 – as follows:

Key Output 2 provides for the completed Thameslink service giving a further improved service of up to 24 train paths per hour between St Pancras International (low level) and Blackfriars stations by December 2018. This phase also provides the infrastructure to support up to 18 Thameslink trains per hour through the London Bridge corridor, extra stabling, connections to train care depots, the extension of services onto the East Coast via Canal Tunnels and the radical improvement of passenger facilities at London Bridge station by the complete rebuild of the station.²¹

¹⁹ ORR, [ORR and Network Rail agree new £4.1m 'Rail Reparation Fund' to directly benefit passengers](#), 1 December 2015

²⁰ NR, [Report from Sir Peter Hendy to the Secretary of State for Transport on the replanning of Network Rail's Investment Programme](#), November 2015

²¹ NR, [Enhancements Delivery Plan Update](#), January 2016, p8

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