

29th January 2009

Facts about Rail travel from Milton Keynes & Bletchley

London Midland's False Promises

When launched in November 2007, London Midland announced that the focus was firmly on the passenger - '*Customer is king on LM*¹. Steve Banaghan – London Midland's Managing Director said, '*London Midland is a new, passenger focussed business which will deliver real improvements for customers*'.

From London Midland's Passenger Charter:

This Passenger's Charter sets out our commitment to you as our customer on the levels of service we aim to provide. We aim to get the basics right and to deliver a service that is punctual, reliable, clean, safe and that continually improves your perceptions of us as a respected transport provider. We further aim to deliver a step change in performance levels in line with Department for Transport targets and provide a service that will drive and accommodate growth to bring about a modal shift from car to rail right across our network.

Of course, passengers using London Midland services from Milton Keynes Central and Bletchley have a rather different perception.

London Midland Punctuality

Since the start of the new timetable in December 2008, London Midland have struggled to provide enough drivers and guards on trains. This has led to delays, cancellations and disruption to passenger services.

How London Midland's service performance has fallen:

Period 7	14 September 2008 - 11 October 2008	89.4%
Period 8	12 October 2008 - 8 November 2008	84.2%
Period 9	9 November 2008 - 6 December 2008	84.7%
Period 10	7 December 2008 - 3 January 2009	78.8%

Numerous incidents on the West Coast Mainline and cancellations for the period from 4th January onwards have yet to be determined.

According to the London Midland Passenger Charter:

"Should a period of sustained poor peak performance be experienced (this is measured by the number of trains arriving at their final destination within 5 minutes of their scheduled time), we will consider compensating season ticket holders over and above the arrangements outlined above.*

Despite the atrocious service since the introduction of the new timetable on the 14th December London Midland have made no indication that they are prepared to do this. At a recent Meet the Managers session at London Euston, an MK commuter was told that apparently this will only be considered if sufficient numbers of passengers complain about the service.

¹ Rail Magazine – December 5 -18 2007.

London Midland Subsidy

The London Midland franchise was expected to generate annual revenue of approximately £400 million at the outset, inclusive of subsidy. Subsidy payments will continue throughout the franchise, though on a declining basis year-on-year².

The subsidy profile for the London Midland franchise is:

Mar 2008	Mar 2009	Mar 2010	Mar 2011	Mar 2012	Mar 2013	Mar 2014	Mar 2015	Mar 2016
78,285*	202,534	200,602	184,992	175,148	169,917	165,824	154,767	67,146*

(Nominal, £000s, part years indicated with an asterisk)³

London Midland Revenue Growth

Revenue growth during the first year of operation of the London Midland franchise has been above the franchise bid assumptions, triggering revenue share to the DfT of 50% for amounts above 102%, and 80% of the revenue in excess of 104%."

Despite the problems and falling performance of London Midland, the government and Go-Ahead have been sharing revenue raised by London Midland from hard working passengers and their families who live in Milton Keynes and Bletchley.

London Midland Fare Rises

Season tickets are regulated fares. The government has capped fares so that London Midland cannot increase these more than by RPI+1%.

Season ticket prices for hard working commuters and their families who live in Milton Keynes and Bletchley are expected to rise at not less than RPI+1% until the end of the London Midland franchise in 2016.

Other, unregulated ticket prices for services between London and Northampton are expected to rise at not less than RPI+3% for the foreseeable future.

Potential London Midland Service Cuts

On 21st January 2009, following concerns about falling passenger numbers and revenues as the downturn takes hold, leaders of the largest five public transport groups – including Go-Ahead (which owns London Midland) – held talks with Geoff Hoon, the Transport Secretary and raised the possibility of cuts in services, increased subsidy payments and job losses.

It is not clear what London Midland are proposing, it has been reported that Keith Ludeman, Chief Executive of Go-Ahead, said he would consider cutting services on its Southern, Southeastern and London Midland franchises if conditions deteriorated.

London Midland Passenger Experiences

For details of more real passenger experiences during the recent disruptions, look up the MK Rail Users website at:

<http://www.mkrailusers.org.uk/News.php>

² LM Press release September 2007.

³ DfT press release 21st June 2007.

Further Notes for Editors

London Midland:

Since 11 November 2007 London Midland (Go-Ahead) have been operating the West Midlands franchise. It operates services between London Euston, Milton Keynes Central, Birmingham New Street (via Northampton), together with the lines from Bletchley to Bedford and Watford Junction to St Albans. In addition it will operate local and regional service groups in the West Midlands, including trains between Birmingham and Liverpool, and Stafford / Stoke / Crewe⁴.

London Midland is owned by Govia - a joint venture between the Go-Ahead Group (65%) and Keolis (35%)⁵.

Go-Ahead

In September 2008, Go-Ahead reported pre-tax profits before exceptionals up 19.1 per cent to £131.1 million for the year to June 28, on revenue up 20.4 per cent to £2.2 billion.⁶

Reporting on the success of their London Midland franchise, Go-Ahead in its 2008 Annual Report said:

*"Revenue growth was also strong in London Midland, exceeding our bid assumptions and leading to an element of revenue share with the DfT for the period. We are pleased with the way this franchise has started."*⁷

and;

"Revenue growth has been above the franchise bid assumptions, triggering revenue share to the DfT of 50% for amounts above 102%, and 80% of the revenue in excess of 104%."

More recently, pre-Christmas the Guardian Newspaper⁸ reported the following:

Ludeman said above-inflation fare increases in the new year would also help Go-Ahead offset any decline in passenger numbers. "We only have one opportunity per year to raise our [fare] tariffs. So if we are given the opportunity to raise the tariff by that amount we will raise it."

Keith Ludeman, chief executive of Go-Ahead, said he would consider cutting services on its Southern, Southeastern and London Midland franchises if conditions deteriorated.

On Annual Fare Rises

In the statement to Parliament made by Transport Minister Tom Harris on 21 June 2007 said:

"The Government will continue to limit annual rises for regulated fares for the franchise in line with national policy, currently RPI+1%. As with all franchises, unregulated fares are the responsibility of individual operators.

On most routes in the West Midlands franchise area, London and Birmingham Railway Limited proposes to raise such fares by no more than RPI+1% per annum. However, on the London to Northampton route the operator plans to raise such fares by 3% over inflation. This change is expected to affect 13 per cent of total passenger journeys in the franchise area."⁹

As a result, fare rises for rail travellers using London Midland from Milton Keynes can expect the following annual fare rises until 2016:

⁴ Source: ATOC – Association of Train Operating Companies. <http://www.atoc-comms.org/franchised-passenger-services-london-midland.php>

⁵ Source: Govia website. <http://www.govia.info/doc/whoware/index.html>

⁶ From Times Online September 5, 2008

⁷ Go Ahead Annual Report 2008

⁸ The Guardian, 17th December 2008

⁹ <http://www.dft.gov.uk/press/speechesstatements/statements/westmidlands>

Service Cuts Threatened:

The franchise agreement London Midland has agreed with the Department of Transport requires them to operate with progressively less subsidy each year and to make up the difference by a combination of raising fares and attracting more passengers.

On 21st January 2009, leaders of the largest five public transport groups – including Go-Ahead (which owns London Midland) – held talks with Geoff Hoon, the transport secretary and raised the possibility of cuts in services, increased subsidy payments and job losses.

According to The Guardian: 24 January 2009:

The civil servant in charge of Britain's railways, Dr Mike Mitchell, surprised public transport groups this week by revealing to MPs that a "small number" of franchises are red on his department's "traffic light" system that monitors the financial health of rail companies. It is understood that Mitchell later named five franchises - more than a quarter of the network - to the public accounts committee in a private meeting. The DfT declined last night to comment on what a "red light" signifies, stating that the monitoring system was "commercially and market sensitive".

A briefing note for the meeting prepared by the train operators warned that the recession could have "potentially devastating" consequences for the finances of some companies.

The document sets out potential changes including: shortening off-peak trains; easing borrowing restrictions; the government taking a greater share of losses on underperforming franchises; state subsidy of cost-saving initiatives such as energy metering; and deferral of Network Rail work in order to cut track access charges. It also suggests government funding for an extra 1,000 franchise staff to "help kick-start the economy".

It has also been reported that South West Trains is cutting the length of 100 trains in order to reduce its electricity and maintenance bills. Many 10-carriage trains will have only five carriages¹⁰. Other train companies are making similar cuts. It is not clear what London Midland are proposing, but in The Guardian, 17th December 2008 it was reported that:

Keith Ludeman, chief executive of Go-Ahead, said he would consider cutting services on its Southern, Southeastern and London Midland franchises if conditions deteriorated.

Punctuality

As an example of the crew shortages, cancellations taken from London Midland web-site on Sunday 18th January 2009 at 18:49:

17:54 London Euston to Milton Keynes Central due 18:56

This train will be cancelled. This is due to a member of train crew being unavailable.

19:11 Milton Keynes Central to London Euston due 20:11

This train will be cancelled. This is due to a member of train crew being unavailable.

19:34 London Euston to Milton Keynes Central due 20:29

This train will be cancelled. This is due to a member of train crew being unavailable.

20:43 Milton Keynes Central to London Euston due 21:47

This train will be cancelled. This is due to a member of train crew being unavailable.

16:50 London Euston to Crewe due 20:07

¹⁰ The Times Online 21st January 2009.

This train will be terminated at Bletchley and restarted from Rugby. It will additionally call at: Bletchley. It will no longer call at: Watford Junction, Milton Keynes Central, Northampton and Long Buckby.

17:38 Crewe to London Euston due 20:52

This train will be terminated at Rugby. It will no longer call at: Wolverton, Milton Keynes Central, Watford Junction and London Euston. This is due to a member of train crew being unavailable.

22:58 London Euston to Milton Keynes Central due 00:06

This train will be cancelled. This is due to a member of train crew being unavailable.

23:15 Milton Keynes Central to London Euston due 00:17

This train will be run as a bus from Bletchley. This is due to a member of train crew being unavailable.

18:41 Milton Keynes Central to London Euston due 19:37

This train will be cancelled. This is due to a member of train crew being unavailable.

20:34 London Euston to Milton Keynes Central due 21:29

This train will be cancelled. This is due to a member of train crew being unavailable.

21:44 Milton Keynes Central to London Euston due 22:47

This train will be cancelled. This is due to a member of train crew being unavailable.

16:50 London Euston to Crewe due 20:18

This train has been cancelled. This is due to signalling problems.

18:41 Milton Keynes Central to London Euston due 19:37

This train has been cancelled. This is due to a member of train crew being unavailable.

19:54 London Euston to Milton Keynes Central due 20:56

This train has been cancelled. This is due to a member of train crew being unavailable.

15:38 Crewe to London Euston due 18:52

This train will be terminated at Rugby and restarted from Milton Keynes Central at 18:00. This is due to a member of train crew being unavailable.

19:38 Crewe to London Euston due 23:13

This train will be terminated at Bletchley. It will no longer call at: Leighton Buzzard, Cheddington, Tring, Berkhamsted, Hemel Hempstead, Watford Junction, Harrow & Wealdstone and London Euston. This is due to a member of train crew being unavailable.