



House of Commons
Transport Committee

Government Response to the Eleventh Report of the Committee: National Rail Enquiry Service

First Special Report of Session
2003–04

*Ordered by The House of Commons
to be printed 13 October 2004*

The Transport Committee

The Transport Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Transport and its associated public bodies.

Current membership

Mrs Gwyneth Dunwoody MP (*Labour, Crewe*) (Chairman)
Mr Jeffrey M Donaldson MP (*Democratic Unionist, Lagan Valley*)
Mr Brian H. Donohoe MP (*Labour, Cunninghame South*)
Clive Efford MP (*Labour, Eltham*)
Mrs Louise Ellman MP (*Labour/Co-operative, Liverpool Riverside*)
Ian Lucas MP (*Labour, Wrexham*)
Miss Anne McIntosh MP (*Conservative, Vale of York*)
Mr Paul Marsden MP (*Liberal Democrat, Shrewsbury and Atcham*)
Mr John Randall MP (*Conservative, Uxbridge*)
Mr George Stevenson MP (*Labour, Stoke-on-Trent South*)
Mr Graham Stringer MP (*Labour, Manchester Blackley*)

Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the Internet via www.parliament.uk.

Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at www.parliament.uk/parliamentary_committees/transport.cfm.

Committee staff

The current staff of the Committee are Eve Samson (Clerk), David Bates (Second Clerk), Clare Maltby (Committee Specialist), Philippa Carling (Inquiry Manager), Miss Frances Allingham (Committee Assistant), Sarah Verrinder (Secretary) and Henry Ayi-Hyde (Senior Office Clerk).

All correspondence should be addressed to the Clerk of the Transport Committee, House of Commons, 7 Millbank, London SW1P 3JA. The telephone number for general enquiries is 020 7219 6263; the Committee's email address is transcom@parliament.uk

First Special Report

The Transport Committee reported to the House on the National Rail Enquiry Service in its Eleventh Report of Session 2003-04, published on 20 May 2004 as HC 580. The Government Response to that Report was received on 22 July 2004 in the form of a memorandum to the Committee. It is reproduced here as an appendix.

Appendix

Introduction

The Government welcomes this report into the supply of rail passenger journey and ticketing information.

The provision of accurate reliable information is a key factor in passengers' experiences and overall impressions of the railways. Clearly, as the Committee discovered, great strides have been made in the ease and accessibility of information using the best of new technology, and this progress is set to continue. The Government is keen to ensure that quality standards are met, however these services are provided by the private sector and operational decisions such as contracting with suppliers are entirely a matter for NRES.

In the following paragraphs we set out the Committee's recommendations and the Government's response to each of them.

Responses to recommendations

1. Any cost savings made through overseas outsourcing of the National Rail Enquiry Service should be used, and be seen to be used, to benefit the taxpayer and the rail passenger, and not to increase profits for Train Operating Companies. The SRA should closely monitor spending by Train Operating Companies to ensure that any cost savings made by NRES Ltd result in reduced public subsidy to the companies overall (Paragraph 14).

The costs of operating NRES are divided amongst Train Operating Companies (TOCs) in proportion to the percentage of enquiries that relate to each TOC's services. If costs are reduced, TOCs will be billed for less. There is no direct mechanism, either in franchise agreements or in the licensing arrangements, for the Strategic Rail Authority (SRA) to require cost savings to be spent in a particular way. However, lower NRES costs will feed through to lower levels of subsidy required when franchises are replaced, through the normal competitive tendering process. In addition, a number of franchise agreements now include profit-share mechanisms whereby profit in excess of a certain level is shared with the SRA. If NRES cost savings raised the profits of the relevant TOCs above that level, the SRA and hence the taxpayer would receive a share of the benefit.

2. NRES is an improvement on the information services previously provided. Nonetheless, far more could be done. It is clear that there are shortcomings in handling complex enquiries, which must be addressed. The SRA's regime for performance monitoring of the Rail Enquiry Service is inadequate. The performance standards should encompass a wider range of queries and include more complex questions. Information about fares, discounts, and route knowledge should not be considered extraordinary and training should be put in place to improve the service's capacity to accurately respond to such queries. The practice of weighting the performance regime towards the most common enquiries – which are also the most straightforward – has the effect of creating bias in the system, and results in a service which is not demonstrably capable of handling complex enquiries. (Paragraph 24)

The mystery shopping regime undertaken to measure qualitative performance is based on methodology agreed between NRES and SRA. The 'mystery shoppers' ask questions based on a range of scenarios, ranging from the straightforward to the more complex. Although the overall 'headline' result is derived by weighting the result from each scenario, the result for each scenario is also reported to the SRA separately, and they follow up the action taken to resolve deficiencies with NRES management. The 'Which' report last year used a rail industry expert to design questions which deliberately targeted known areas of weakness in rail industry systems and so were more likely to receive the wrong answer - although the 'Which' article highlighted some specific areas which clearly need improvement, it should not be regarded as a representative picture of NRES accuracy. NRES have made changes to industry systems to improve accuracy in a range of areas identified by their mystery shopping and by feedback from both passengers and NRES' own staff. NRES carry out an ongoing cycle of staff training after every round of mystery shopping to feed back the results and tackle the problems. The SRA are following the progress that NRES is making in this area very closely.

3. The Strategic Rail Authority should monitor NRES performance closely. If the quality of information and service is seen to deteriorate, then the SRA should not hesitate to take out an enforcement order against NRES, particularly since this course of action has in the past been shown to have raised standards. (Paragraph 27)

The SRA monitors NRES quantitative performance every 4 weeks, and examines NRES qualitative performance as measured by the mystery shopping regime. Both aspects of performance are discussed at quarterly meetings with the NRES Chief Executive and his team, usually held on-site at an NRES call centre. Specific problems with NRES performance or accuracy are taken up with the NRES team as and when they arise. The NRES agreement contains a general requirement for accuracy, and the SRA could take enforcement action if (for example) qualitative performance fell significantly following a transfer of call-handling overseas.

4. It is not acceptable that rail customers should have to conduct two separate telephone calls: one to obtain information and another to buy a rail ticket. We welcome the moves that have been made to ease the transfer of callers from the national information

service to the Train Operating Companies individual ticket sales services. Transferring the caller to the sales service, however, still requires an element of duplication. This is not a truly integrated service. It is not clear to us why the full transaction - information and sales - cannot be carried out in a single call to a single agent. (Paragraph 31)

Clearly, any improvements to telephone information and ticketing services are welcome and although this recommendation is directed to ATOC the Government hope that further consideration is given to simplification.

5. The ability to access integrated real-time travel and ticket information should be made much easier, if modal shift is to be achieved. In an age of abundant information, travellers should be able to access clear and comprehensive information on multi-modal journeys. This should be integrated with the ability to purchase tickets where appropriate. We acknowledge that when the number of private sector transport providers is considered, such a task seems highly ambitious. We would be delighted if that ambition could be realised at reasonable cost and will monitor with interest the development of Transport Direct. We recommend that the Department for Transport provide us with a yearly progress report. (Paragraph 36)

The Transport Direct Portal provides comprehensive information for all modes of transport (except domestic air, which will follow later in 2004), allowing door-to-door journey planning. The service also offers a "retail hand-off" to ticketing agents to allow purchase of train tickets. The details of the journeys identified are transferred seamlessly to these external suppliers.

Transport Direct incorporates a "Live Travel" section that contains travel news about current incidents on the road network and disruptions to public transport which is updated every 15 minutes. Users can also have direct access to live arrival and departure boards for all 2500 rail stations and some bus stops. Over the next year we plan to make Transport Direct's arrival and departure board information available to people on the move by making the service accessible from mobile devices. We also plan to incrementally increase the number of bus stops covered by this service, and to extend the service to include arrival and departures services for internal domestic flights.

Transport Direct allows users to plan journeys either by car or by public transport. The public transport option will incorporate all modes appropriate to the journey (except domestic air, as above). It will not be necessary to conduct a series of transactions unless mixing public and private transport in one journey. As recorded above, fares for all National Rail services and many coach services will be available within the Portal for comparison purposes. Future enhancements will include a facility to do price based journey planning where you will be able to browse fares for the cheapest options in a selected time period.

Our original submission indicated that some areas would not offer detailed information about local buses. We are pleased to report that considerable progress has been made, and all regions of the country now have information on bus services, and that by the end of this

year, we will be able to provide timetables from individual bus stops for the vast majority of bus services

We will provide a yearly progress report each July.

6. In an increasingly Internet reliant age, there will still be many passengers and potential passengers for whom it is preferable or necessary to use the telephone service. Once Transport Direct is functional, it should be closely tied to the National Rail Enquiry Service to reduce duplication and ensure consistency of information. An Internet service such as Transport Direct should not replace the provision of the NRES telephone service. (Paragraph 37)

There is no intention for Transport Direct to replace the NRES telephone service. Those who wish to access rail only information can continue to use NRES. For joined up public transport information passengers can also use the traveline service, which offers impartial multi-modal journey planning information about all public transport services – buses, coaches, trains, ferries, trams, metro and underground - throughout England, Wales and Scotland, through a single telephone number - 0870 608 2 608. Transport Direct obtains much of its data from the traveline service and from the rail industry datasets.

7. The NRES feedback workshops and best practice roadshows developed as tools to raise the quality of performance by the call handlers will need to be continued and adapted where substantial operations take place overseas (Paragraph 51)

This recommendation is for NRES to consider.

8. While it is possible that overseas call centres will operate to higher standards, in the absence of any conclusive evidence, a transfer of 50 per cent of service provision seems an extravagant risk for a publicly-funded company to take. (Paragraph 57)

The Government notes this comment.

9. The growth in contact centre work has been an important factor in providing new regional employment for people displaced by the decline of manufacturing. We urge the Government in its review of the 'Services of Offshoring', and the Trade and Industry Committee in its inquiry into 'The Knowledge Driven Economy', to give full consideration to the economic and social costs that the move to transferring call centre work overseas will have on specific locations and communities. (Paragraph 61)

To deepen our understanding of the offshoring issue and current drivers of the call centre market the DTI commissioned an independent study into the competitiveness of UK call centres.

The report confirms that the UK call centre sector remains one of the UK's strengths. It is forecast to gain around 200,000 jobs in the next 3 years, directly employing over a million people by 2007. Continuing growth in the industry will be driven by expansion in existing contact centres.

The report highlights that the decision to offshore is a highly complex one and the long-term success of offshoring remains to be proven. There are a number of hidden costs and wider considerations. The flight of jobs overseas is not inevitable. The UK has an absolute advantage in terms of cultural fit with its customers and an enormous pool of contact centre expertise and knowledge. However the industry must move up the value chain competing on quality. The Government is working with the industry to encourage firms in the UK to realise the competitive advantage call centres can bring, accelerating take up of best practice and standards, appropriate skills and training; and improving the customer experience through better trained and empowered front line contact centre staff.

The Government also has in place mechanisms to respond to the economic impact of job losses. Where closures are likely to result from off-shoring, Regional Development Agencies will take the lead in working with the company to examine potential alternatives and where these are not found, working with agencies such as JobCentre Plus to identify short and longer-term solutions to the problems which may be caused. There is also a comprehensive package of support for those facing redundancy, including the Rapid Response Service operated by Jobcentre Plus which tailors post redundancy solutions to the needs of the local economy and labour markets.

10. We accept that NRES cannot reject a tender simply because it includes overseas provision. NRES' responsibilities are to ensure the service is provided effectively and its power to specify from whence that service is provided is limited. Nonetheless, the evidence from NRES was contradictory. It is clear that the company did take into account location of the call handling operations when it agreed contracts with its suppliers, and it was able to specify a ceiling on the volume of transfer of operations abroad. NRES should take responsibility for its decision regarding location of operations. We consider that setting the ceiling for overseas provision of Britain's busiest phone service at 50 percent so soon may prove mistaken. (Paragraph 70)

The Government notes this comment.

11. The pilot conducted by BT in Bangalore was small, time-limited and inadequately monitored. NRES told us that it did not base its decision on the results of the pilot but on research, an understanding of the market and expert advice. NRES failed to supply any evidence of this research despite our requests. The evidence we received about locating call centre operations overseas suggested that the market is still immature and there are likely to be real risks in transferring such a high proportion of such a busy service to an overseas provider. (Paragraph 74)

The Government notes this comment.

12. In order to ensure that there is no deterioration in the quality of service, including over short-term periods of transition, stringent quality performance measures should be applied and monitored. Sanctions should be applied during all stages of delivery if customer satisfaction is to be maintained. The National Rail Enquiries service contributes to the reputation of the railways and influences the confidence of the public to travel by rail. As such, it is of paramount importance that information provided continues to be clear, accurate, timely and reliable. (Paragraph 76)

The Government agrees entirely that the quality of information reflects strongly on the overall impression that passengers have of the railways. As previously mentioned the SRA will continue to monitor the standard of service and will take action if it is found to be wanting.

July 2004