southeastern.

Evidence for parliamentary inquiry

Background

Southeastern operates over 2070 train services per day, with around 560,000 passenger journeys made on a daily basis, over a network with route mileage of 540 miles. There are approximately 170 million passenger journeys made in a year. Southeastern is one of the most heavily used Train Operating Companies (TOCs) in the country, with around 12.5% of UK train journeys made on Southeastern services.

Southeastern offer three distinct products in terms of the train service it offers;

- Metro
- Mainline
- High Speed

These products are distinctive in terms of the service proposition and are broadly categorised as below;

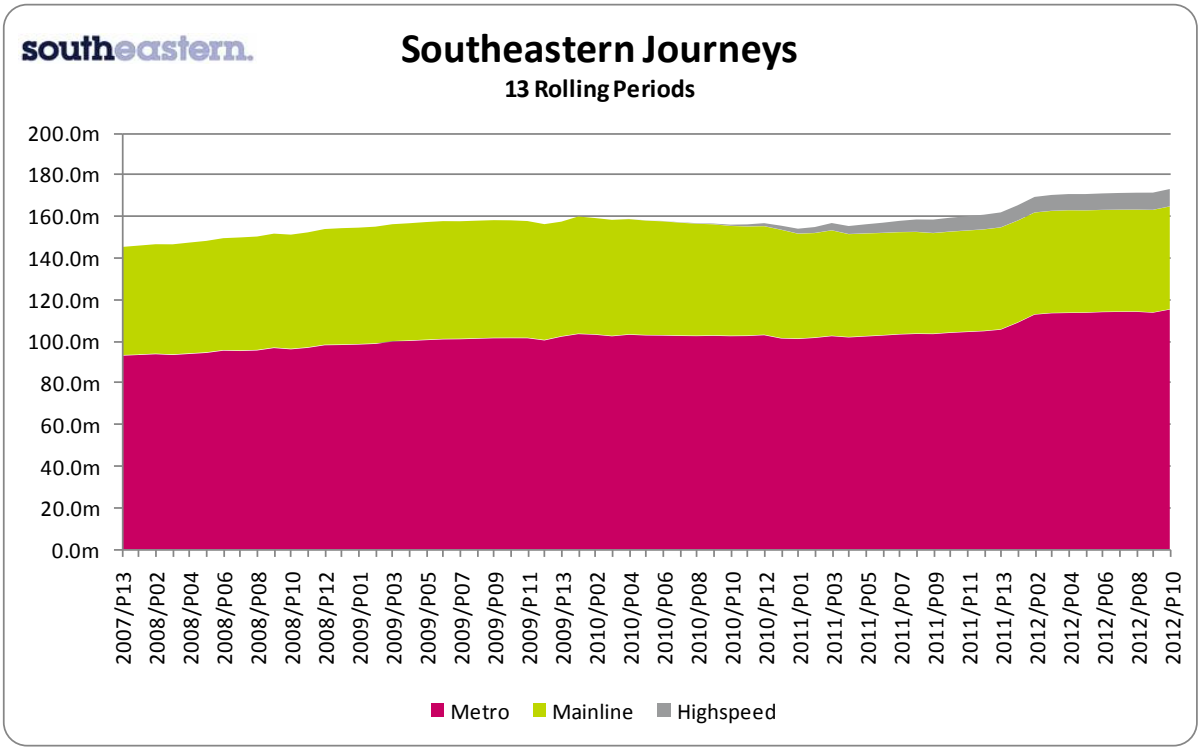
- **Metro services** are characterised by a 'turn up and go' offering, with train services into Central London operating across 87 stations in the metro area at least every 15 minutes. Metro services tend to be shorter and focused on frequency of service, with the Metro boundary ending at Sevenoaks on the Sevenoaks line and Gillingham on the North Kent line. They also run as DOO (driver operated only) meaning that the driver is the only train crew on board.

- **Mainline services** connect London to Kent, East Sussex and the coast and are characterised by longer distance journeys into and from the capital. Mainline services operate with a conductor on board whose role is to ensure operational safety and provide on board service and information. Mainline services (unlike metro and high speed) also offer first class accommodation.

- **High Speed services** were introduced in December 2009, and are characterised by fast inter urban services from Kent. Services operate to and from London St Pancras, and serve areas in East Kent, Ashford, the Thames Gateway and East London. Travelling at up to 140mph, the journey time from Ashford International to London is now just 37 minutes and Ebbsfleet International to London takes only 17 minutes. All high speed services are crewed with an On Board Manager whose prime focus is to deliver excellent customer service.

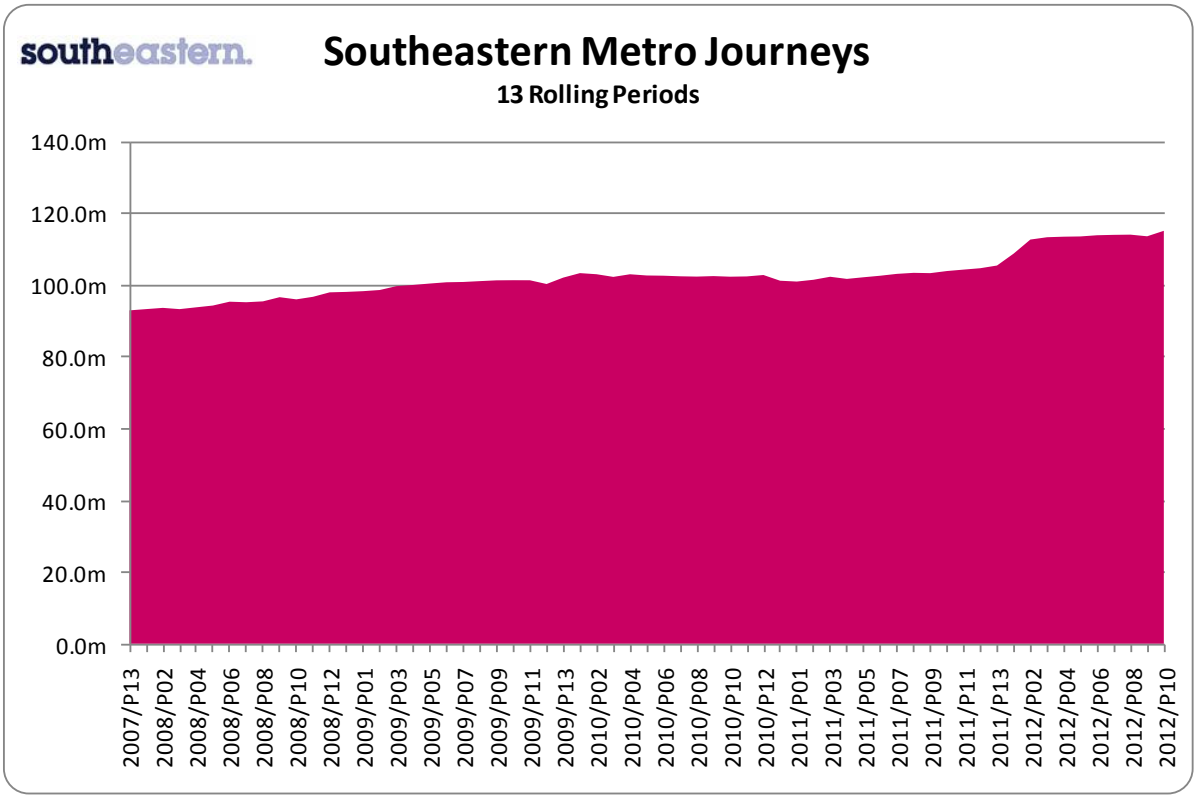
To understand the impact on capacity we have set out the current growth patterns for Southeastern, in total and by product type and provided a brief summary that this growth will have on capacity and the immediate economic impacts. We have significant amounts of data in this area and would be pleased to share more with the group based on targeted and specific questions. We would be happy to discuss these with the group once they have had an opportunity to review all the submissions to see if we have data that fills gaps or increases understanding. We are willing to share journey data publically but income we treat as commercially confidential.

Passenger Loadings



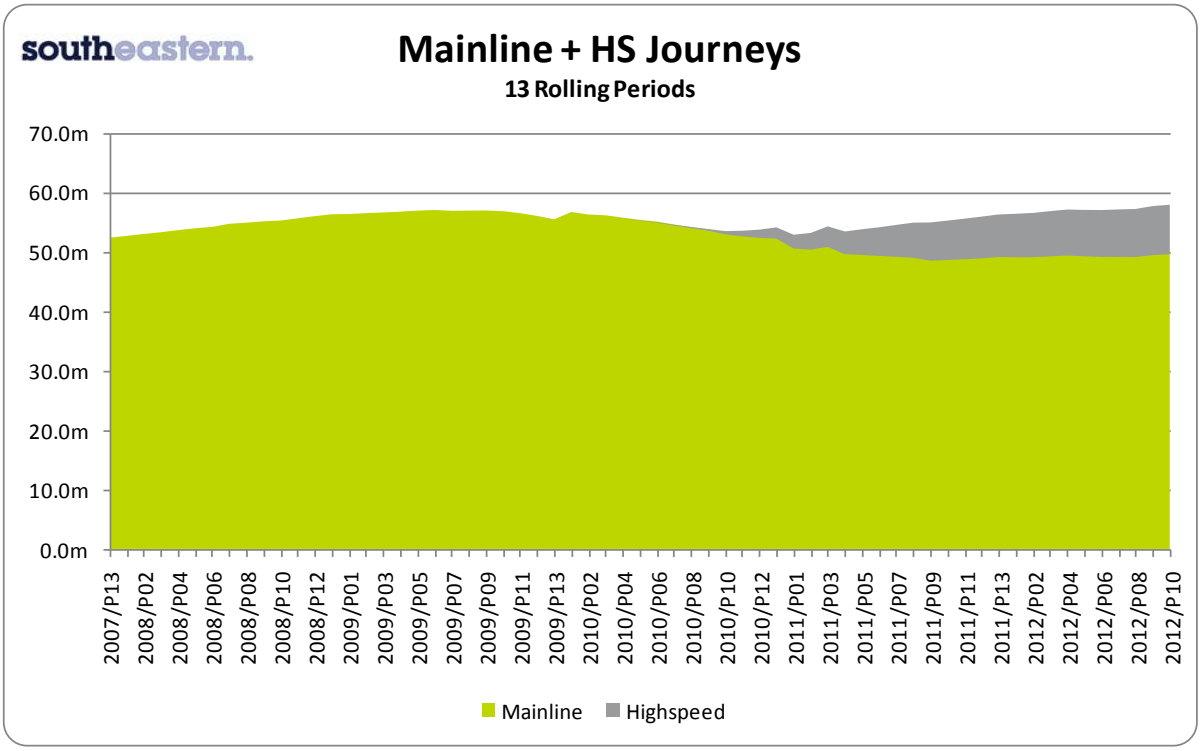
Southeastern Passenger journeys have grown from just over 140m per annum in March 2007 to almost 170m per annum by February 2012. This growth has been driven by strong metro growth and the introduction of new Highspeed services in December 2009. Of the 8m annual journeys on Highspeed around 6m are migration and 2m are new users. This is greater new growth than expected from early customer survey results which anticipated 16% generation, but some of the overall increase is accounted for by the growth in demand that has returned since the depth of the recession.

Metro



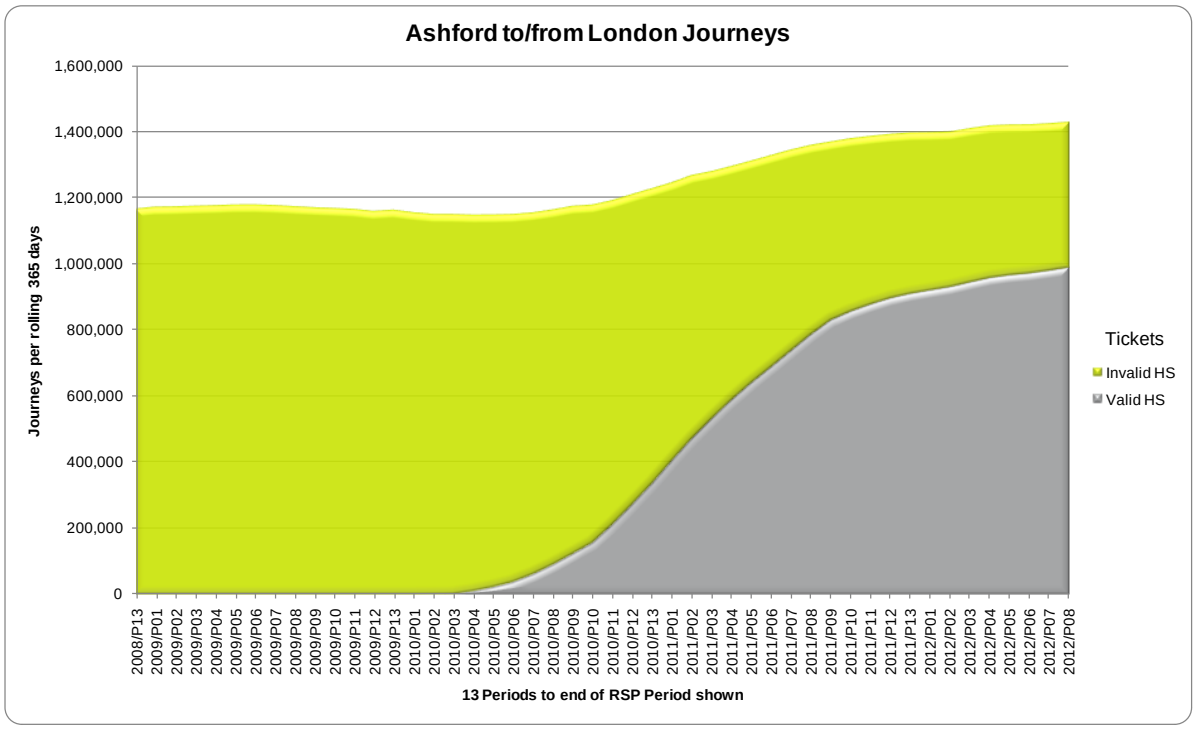
Metro growth has continued through the recession. The increase in journeys during the year ending March 2011 is due to the introduction of Oyster pay as go; both in generating new trips and counting the existing trips in a slightly different way. With the return of economic growth we expect the rise in demand for metro services to continue. For Southeastern passengers this increase in demand will be met by the additional capacity provided at London Bridge by the Thameslink project, both in track capacity and new build of trains to serve the metro demand. Work will also focus on train utilisation to ensure demand continues to be met. There remain questions about whether sufficent vehicles are available by 2018 to cope with the growing demand.

Mainline and Highspeed

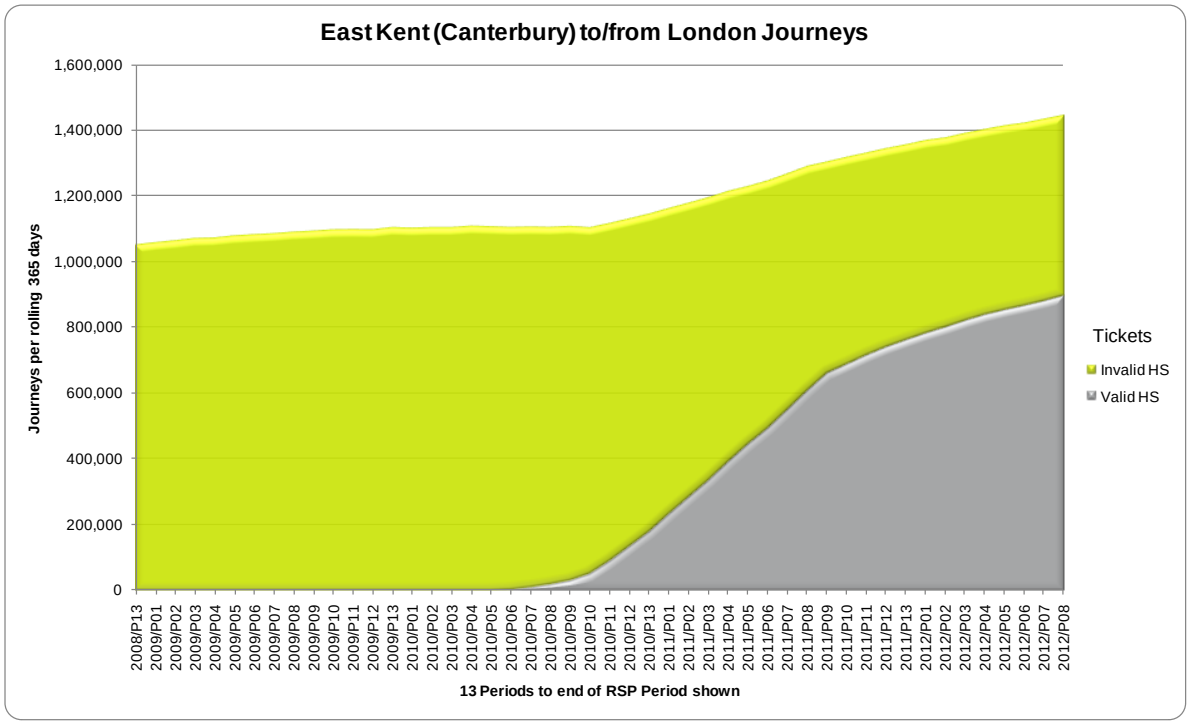


Mainline journeys were showing a slight decline due to the recession from October 2008 onwards. The introduction of Highspeed services caused a shift in demand for the new Highspeed services and drove a reduction in Mainline demand, two years into the introduction of the new services we see Mainline demand stabilising and returning to growth once more. In those two years Highspeed journeys have gone from 7m in 2010 to 8.4m in 2011. We expect further growth of around 17.5% in 2012 on Highspeed journeys and after that we expect growth to follow Gross Domestic Product and Central London employment more closely.

Journeys to/from London for locations served directly by Highspeed

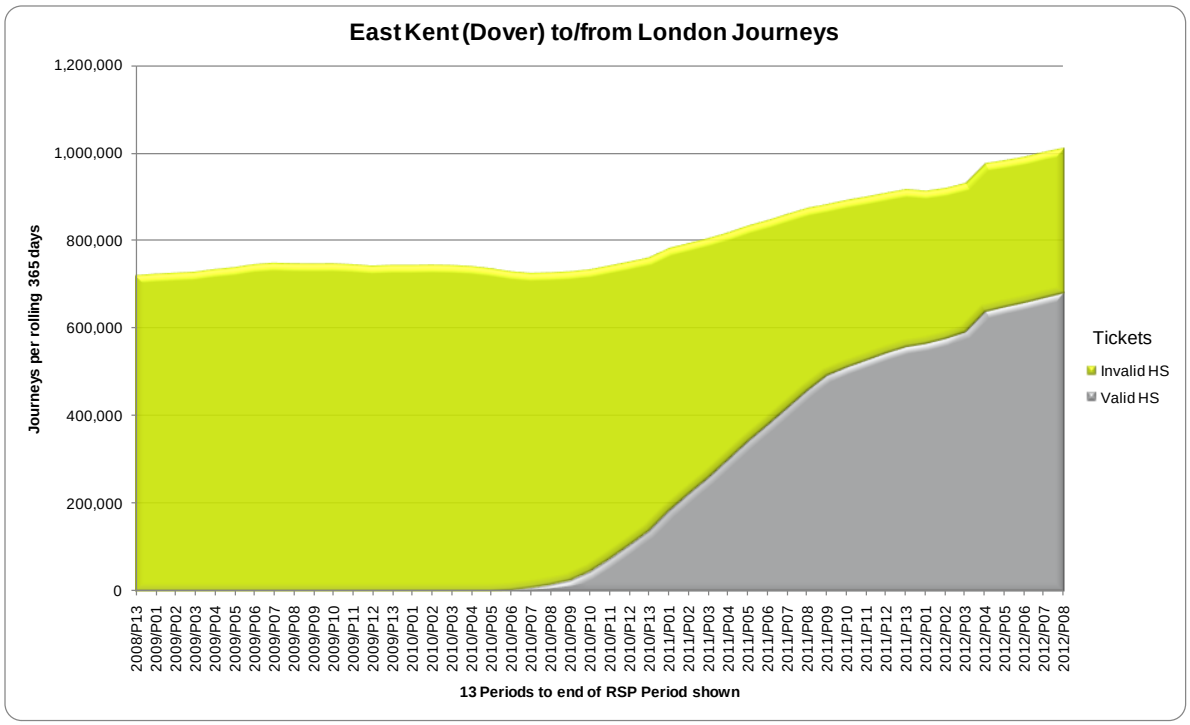


Ashford journey times to London reduced from 75 minutes (peak) and 60 minutes (off peak) to 37 minutes from December 2009. The impact on journeys is obvious from the above graph of annual journeys. The yellow band represents the declining proportion of Mainline journeys and the Silver band the increase in Highspeed. The saving in journey time has seen the steady decline from 1.2m arrested and now generates over 1.4m annaul journeys, an increase of 17% in two years.



Note: “East Kent (Canterbury)” comprises the following locations: Canterbury East, Canterbury West, Canterbury Stations, Broadstairs, Margate and Ramsgate.

Growth at the East Kent stations via Canterbury is even more pronounced where journey time savings from 1 hour 40 minutes to 1 hour are typical. Here we see an increase of 1m to 1.4 m journeys or around 40% growth.



Note: “East Kent (Dover)” comprises the following locations: Dover Priory, Folkestone Central and Folkestone West.

Here journeys have increased from 0.7m to 1m or 43% with similar journey time savings as Canterbury.

Summary

On Southeastern the current capacity broadly matches the demand for train services. There is scope for further growth in demand for Highspeed and Mainline within the existing capacity. The growing demand for Metro services can currently be met but we believe the supply of adequate numbers of vehicles will be an increasing challenge beyond 2018. Both the Thameslink and Crossrail projects will incrementally add capacity to the benefit of Southeastern passengers.

Growth in demand broadly follows GDP and CLE but appears to be running slightly ahead of these factors post the recession. This may be due to the increasing cost of motoring, restrictive parking in London, congestion charging or the introduction of Oyster Pay as You Go on the main line network. More research is needed in this area.

Demand is also stimulated by faster journey times.

On Southeastern we have seen the benefits of introducing Highspeed services on dedicated infrastructure; this has enabled and encouraged further growth in rail travel to take place despite the effect of the recession and providing an alternative to increasing motoring costs.

From research carried out jointly with Kent County Council in 2008 it's understood that London commuters earn approximately 7% more income than those who don't commute. Research also indicates the most prosperous areas of Kent generally have the highest proportion of commuters in the local population available for work. This is at its highest in Sevenoaks district council region where 14% of the employable work force commutes, 12% by rail.

By failing to meet the demand for rail capacity this will either cause shortages in the supply of workers for the London jobs market or distort the income benefits of working in London to areas that can cope with increases in demand.

Speeding up journey times causes economic benefits to be felt further away from London where average incomes are generally lower.