



Photography by Justin Grainge



# PLAYING CATCH UP

**Three months into his new job, Charles Horton has been putting in some long hours. He needs to – Southeastern has been left behind by other London commuter operators. He tells Paul Clifton why**

Charles Horton is looking a little tired. He's just worked most of Sunday and he's back at his desk on Monday morning.

It goes with the job. Horton's switched from Southern Railway to Southeastern Railway, the two big Govia-owned franchises. After three years in charge of returning one former Connex franchise to respectability, he's attempting to do the same with the other. They're two of the biggest passenger franchises, both starting near the bottom of the performance table and both involving grappling with grumpy season ticket holders who know they deserve better.

'We had made a very decent start at Southern,' explains Horton, 41. 'We were the most improved train operating company in the country. Performance is now good; staff satisfaction and morale are very significantly improved. But Southern was coming to a natural point where I could move on. The big investment is done. The second phase is about shaping the business for the longer term. I recognise that businesses in that situation often benefit from someone else coming in with a fresher pair of eyes and doing something different.'

He's certainly taken that approach to Southeastern Railway, where most of the senior executives were new on 1 April at the start of the new franchise.

The well-respected Michael Holden and his



Charles Horton has been charged with improving performance at Southeastern.

colleagues, who had run the company as public sector caretakers for the two and a half years since Connex were thrown out, were themselves unceremoniously chucked into the railway recycling bin. 'SET – South Eastern Trains – was set up for a purpose,' says Horton. 'It had to stabilise the service after Connex. It also had to introduce the new trains, to put the business in a good enough shape for re-franchising. That was its mission.'

'But we're a new operator with new challenges.

A key issue for me is getting all the 4,000 staff to understand that. It's not a criticism of the past if we choose to do things differently in the future.'

Horton has been analysing the latest National Passenger Survey. On the surface, they're merely indifferent. Overall, 77 per cent of passengers are satisfied. That's one per cent below the average for London commuter operators, and far better than a year ago.

But in 32 out of 35 individual categories, Southeastern did significantly worse than either South West Trains or Southern. The survey shows staff availability 27 per cent worse than SWT; standards of toilets on trains 26 per cent worse than SWT. And the attitude of staff on trains is 24 per cent worse too. The list goes on: cleanliness, passenger information, state of repair... all marked heavily down.

'When you compare us to the other south-of-the-river Tocs, we are quite a way off the pace. So we have to fundamentally raise the quality of the service.'

'This is basic stuff; the bread and butter of running the business. SET had focused on punctuality and reliability as the top issue. They are dramatically better than before. It's a tick in the box. But basic customer services, the things passengers should expect, got left behind.'

'So our plans for improving the franchise focus on the faults you see in the passenger survey. We aim for 35 per cent of our staff to have an NVQ qualification within three years. For the majority of them it will be in customer service. One of the advantages we had at Southern was a stable management team. From 2001 onwards it got a grip on the business, with customer service as the



Horton wants a third of his staff to have an NVQ within three years.

key priority. Next door, Southeastern found that much harder. They had the problem of stabilising after Connex, all the challenges of delivering new trains and knowing all through that they would transfer to a new operator. So they couldn't have that singularity of purpose to deliver improvements in customer service.'

Horton brought along his commercial director from Southern, Vince Lucas, though he kept the previous head of human resources, Nigel Cox. He needed to; the company was in the throes of an argument with the RMT, and a strike seemed likely. The union had campaigned long and hard for the company to remain in public ownership, as a barometer franchise to compare with all the others. The union lost, and saw a further problem with Horton's plans to change the way some stations were to be given security barriers.

'These were plans from the old company to secure the railway against vandalism and assaults on staff. And we changed them. Some of the staff were upset. They thought something was being taken away from them. But my view was that gating was only one part of the solution. We've looked at the issue more holistically. We've put some security staff in, and we've got staff commitment to identifying exactly where the problems are happening, I'd say we have got good relationships with the unions.'

Southeastern has a large number of plain vanilla commuter stations. Platforms with ticket machines and graffiti and not a lot else. It will invest in signing (vitreous enamel – it's easier to remove the graffiti) and replacing the dark paintwork with something brighter. Horton cites Greenwich as an example. As a station, passengers can't really complain about it; but at the moment they can't find anything to praise either.

'This sort of approach gets a lot of value for a limited amount of money, and makes a big difference to customer perception.'

SET had made many improvements to the fleet of Networker trains. An interior refurbishment concludes at the end of this year. But Horton is critical. He says the programme did not include thinking how the trains were going to be kept in good condition once the work had been done. He wants full colour CCTV on every train, as he had on the new fleet next door at Southern.

'If I could do it tomorrow morning, I would. It is the key to finding out where the graffiti is coming from, and deterring it. It's an expensive but important thing to do.'

The flagship project for the franchise – on which its financial fate hangs – is the launch of high speed domestic services – on the Channel Tunnel Rail Link from December 2009. The trains

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were procured from Hitachi by the Department for Transport before the franchise was awarded. This is a deal on which he has little flexibility. Construction of the body shells begins in Japan this summer and the first trains arrive in the middle of next year for staff training and testing.

'I haven't been at all to Japan! We're pretty busy here to be honest and I have no real intention of going to the assembly line myself.'

Charles Horton and Vince Lucas will have to convince passengers to use the new trains. Fares on the franchise will go up by three per cent above inflation each year for the next five years. And on top of that, high speed commuters will pay a 30 per cent premium on the 'classic' route from Ashford, as well as having to accept a new destination at St Pancras on the opposite side of London.

Several commentators regard filling the trains with high-paying season ticket holders as an unrealistically tall order. The trains must create a new market that has not previously existed, requiring daily travellers from the outer fringes of the commuter belt. It will mean persuading more people to move further from London on the promise of faster journeys from places with only marginally lower house prices.

But Horton believes it can be done.

'Yes, they're going to have to pay more. But they are going to see a dramatic improvement in the speed of their journeys. Ashford to London in much less than half the present time; 36 minutes. Kent is to be one of the fastest growing areas of the UK. And it is also one of the regions with the greatest latent or untapped opportunity to grow rail travel. Obviously it will start with existing passengers transferring to the new high speed service. But I am very optimistic about the opportunity for people to move out of London and have a better quality of life by travelling with us from the further parts of Kent.'

And all of this must happen against a background of a ruthlessly steep decline in subsidy. This region has depended on heavy handouts every year since privatisation to balance the books. But the subsidies will reverse into a £15m premium to the Government in the final year of the franchise.

Horton pulls out a graph of his passenger projections, though he declines to hand over a copy for longer than a quick glance.

Most of his growth in revenue comes from the

expected expansion of the overall London job market. A good half of the money will – in effect – arrive on a plate, courtesy of the healthy regional economy. Another big chunk kicks in from 2009 with the new Hitachi trains. The guaranteed above-inflation fare rises provide a steady stream of money. And that leaves just a fairly thin line – a few per cent only – that he hopes to win over as new passengers are persuaded on board by improved customer service and performance.

He says working this out with the Department for Transport has been little different from his experience at Southern with the now-abolished Strategic Rail Authority. After all, he comments, many of the people at the coal face are still the same. A bigger problem comes with the Mayor of London and his desire for far greater influence in commuter services. Although Horton strives always to be positive, his comments here are noticeably more reserved.

'We've been willing to work with Transport for London where our interests are aligned. And we recognise that our customers want the flexibility that would go with a pre-paid Oyster card on our trains. First we have to sort out a zonal fares structure, and we have an obligation to do that by January 2008. But we have to safeguard our revenue. No one is going to thank us – not the



DfT, not the passengers – if we open ourselves to something that increases revenue risk. We will have to find a way that gives passengers what they want but which protects our income. And we will have to do that with all the other London train operators together. But I do hear the clamour from passengers.'

Horton has always been unfailingly straight-talking about the challenges his railway faces. He was the same at Southern when his fleet of new Bombardier trains were introduced more slowly and with less reliability than the German trains from Siemens at the neighbouring South West Trains.

So is he in possession of a run-down railway?

'I'm not sure I would quite go that far. Compared to the other big Tocs in the area the quality of service is not as good. The level of



vandalism, the condition of the train interiors, the state of the stations... no, it's certainly not as good as the others.'

The slightly weary but genuine smile flickers back. 'But Kent is genuinely exciting. Like I had at Southern, it's the chance to transform a growing railway. There is a huge amount to get into. There isn't a more exciting place in the industry to be, I genuinely believe that.'

He stayed at Southern for only three years. Will it be three years here as well?

'No – I want to be here longer. I want to deliver the Olympic services in 2012 and be part of everything that goes with that. I'd like to re-win this franchise. I accept I said something similar when I joined Southern; but that's life. There are very few jobs I would have left Southern for.'



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