

To: Mike Mitchell\*

From: [REDACTED]

S/Secretary of State

Location: [REDACTED]

Tel: [REDACTED]

Date: 3 January 2010

\*denotes present at meeting

Copies:

PS/ Rt Hon Sadiq Khan

PS/ Paul Clark

PS/ Chris Mole

PS/ Robert Devereux

Special Advisers

Christopher Muttukumaru

Gary Backler

Claire Short

Colette Carroll

### NOTE OF MEETING WITH MARY GRANT – 12 NOVEMBER 2009

1. You were present when the Secretary of State (AA) met Mary Grant (MG) of First Group on 12 November.

2. MG explained to AA that today was a particularly bad day for FCC in relation to cancellations caused by drivers not working rest days and overtime. AA asked why it was that half of the services run would require drivers to work overtime or to work on a rest day. MG said that the business model has a base compliment and then optimises the rest day and overtime requirements. The relationship with employees was normally stable. There had also been a slight increase in drivers on long term sick leave and restricted duty which exacerbated the issue. The reason it was so bad today was because of the shift pattern and the roster – more drivers were due to be on their day off.

3. MG expected a lower level of cancellations for the next weekend and was engaged in ongoing talks with the unions over the pay offer, including meeting with them next week.

[REDACTED]  
3 January 2010

To: Mike Mitchell\*

From: [REDACTED]

PS/Secretary of State

Location: [REDACTED]

Tel: [REDACTED]

Date: 7 February 2010

\*denotes present at meeting

Copies:

PS/ Rt Hon Sadiq Khan  
PS/ Paul Clark  
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#### NOTE OF MEETING WITH SIR MOIR LOCKHEAD – 2 FEBRUARY 2010

1. You were present when the Secretary of State (AA) met with Sir Moir Lockhead (ML) and Mary Grant (MG) of First Group and Neal Lawson (NL), Managing Director of First Capital Connect on 2 February, about the performance of First Capital Connect.

2. ML apologised that the information he had sent to AA the previous week had been incorrect, and said he was sorry that passengers had received a poor service over the past few months. AA said that it was the future that mattered now. ML said he wanted to talk about what they were doing to improve and said they would be doing it very quickly. He recognised that it was necessary to get passengers to regain trust in FCC.

3. MG took AA through the presentation (slides in separate document attached). She said that NL had been part of the FCC team before becoming Managing Director, so he understood the business. On the second slide there was a discussion about the previous year's trends. Mike Mitchell (MM) asked why PPM hadn't improved after last February's bad weather. MG said it was a number of factors, including the new timetable introduction and the delay in delivery of units from Bombardier. On slide 3, NL explained the dips in PPM, which resulted from a number of fatalities and also fleet performance problems. They were working closely with Network Rail and Bombardier.

4. At slide 7, NL said he understood short formations were an issue, but they felt it was better than cancelling services. They had an improvement plan with Bombardier to improve the miles per casualty of the 377s. They were also carrying out repairs to the traction motors and by 10 February should have a manageable situation on the traction motors and so enough vehicles to run a full fleet. MM asked what made them think Bombardier would deliver the improvement plan. NL said it was a joint plan and there were actions for FCC too. Now that a full timetable was being run vehicles were doing more miles and so any problems or defects could be better understood as more performance data was clocked up. There was an independent project manager at the Bedford depot to oversee both FCC and Bombardier, and Bombardier were sending fitters on FCC's trains. ML said he spoke to Bombardier regularly.

[REDACTED]

5. NL described the actions they were taking in relation to drivers. They had full coverage of drivers since 18 January, but they were also training and recruiting additional drivers, although they would take some time to be ready. MG noted that as training eased off they would become less reliant on overtime and rest day working.

6. MG explained their plans to improve customer information systems, especially the website, and in getting up to date information to staff on station platforms. AA asked when hand held devices for staff would be introduced. MG said hopefully within 4 or 5 weeks, although the fully automated system would not be ready until August / September because it required back office systems to be re-programmed.

7. MG raised the issue of passenger compensation. She said that in addition to delay/repay, which was being done on the basis of the full timetable and not the reduced one, they were also making available refunds where first class had been declassified and discounts on season ticket renewals and additional free tickets. AA said his advice was that FCC were not being sufficiently generous. MM noted that in relation to London Midland, there had been a much higher compensation package. He explained the circumstances and the level of the London Midland deal. ML said he believed this was different to that event and also to what happened on FGW. AA asked if they had received any compensation from Bombardier. MG said they had not and NL noted they had received some benefits in kind, such as fitters being provided by Bombardier to ride on trains and help with faults.

8. There was a discussion about compensation for season ticket holders. MG noted that it could be claimed online if the season ticket had not been bought from a FCC ticket office. AA said that passengers had been subject to disruption for the last 3 months and that the public saw the level of compensation as not enough. It equated to 15-20% off their ticket for the 3 month period, but the disruption had been much higher than that proportion. MG noted that this was in addition to delay/repay and that they were also investing in back office and customer information systems. ML said he would consider the issue further, but did not want to raise expectations that there would be a huge increase. AA suggested they continue discussions at official level.  
**Action – Mike Mitchell to continue discussions with a view to a joint announcement of revised compensation package**

9. AA thanked ML for the presentation and said he was getting daily reports on FCC's performance, so he could see if it improved rapidly as was promised.

[REDACTED]

7 February 2010