

OFFICE OF RAIL AND ROAD
STAKEHOLDER MEETING
HELD ON
14 OCTOBER 2015 at 9:45

PRESENT:

Office of Rail and Road

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ROB PLASKITT
MICK DONOVAN
CHRIS HOWARD
JULIET LAZARUS
IAN WILLIAMS
DAVID REED
ALAN SCARLETT
JOE QUILL
GRAHAM RICHARDS

Department for Transport

ANDREW MURRAY
EVI BELL
MARK LIVOCK

Network Rail

GRAHAM BOTHAM
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LEO GOODWIN
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RICHARD FISHER
CHRIS JACKSON

Virgin Trains East Coast (VTEC)

DAVIVTEC
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1 THE CHAIR:

2 Good morning, thank you for coming and welcome to the ORR.
3 I am John Larkinson, Director of Economic Regulation, and I am
4 chairing today's meeting. With me at the table are Rob Plaskitt,
5 our Head of Access and Licensing; Graham Richards, who is not
6 actually at the table, but our Deputy Director of Rail Planning and
7 Performance; Mick Donovan, our Operations Advisor and Juliet
8 Lazarus, our Director of Legal and Competition. Other members
9 of the case team are here – Ian Williams, Chris Howard and we
10 are expecting a couple more who should arrive shortly and indeed
11 even as I speak, Alan Scarlett comes into the room. Around the
12 table we have representatives of the applicants who are: Alliance,
13 Virgin Trains East Coast and FirstGroup. We also have
representatives from Network Rail and the DFT.

14 A transcript is being taken of what is said today and production of
15 the transcript will follow the same process as the hearing in June.
16 We will circulate a draft, hopefully by the end of next week. You
17 will be able to propose amendments but without changing the
18 substance of what you said. The final transcript will be published
19 on our website. As with the previous transcript, the organisations
20 will be identified but not individuals. The acoustics in this room
21 are not the best, so we have a sound system for the benefit of
22 others in the room and the stenographer is recording. If the
23 stenographer has any difficulty in hearing or identifying who is
24 speaking, can you please just interrupt and ask for clarification.

25 The purpose of today is to help and ensure we have the
26 information we need about the proposed services and the
27 capacity available in order to make the best overall decision about
28 East Coast Main Line access in line with our duties. But we will
29 not be reaching any decisions today. This is just one part of our
30 overall process which will assist us in making a recommendation
31 to the ORR Board who will take the final decision on these
32 applications.

33 It is important that our decision is properly informed by your views.
34 This meeting is a practical opportunity for you to participate in
35 discussion of the key points around capacity, enhancement and
36 performance on the East Coast Main Line. With this in mind and
37 given the number of people here, we need a necessary degree of
38 formality to ensure that everyone is able to make a fair
39 contribution. We will try and keep this formality to a minimum.
40 Juliet is here to help ensure that due legal process is followed. In
41 the interests of time, would you please keep your contributions
42 focused on the important issues and on the subject of today's
43 meeting rather than on points concerning our economic analysis.
44 There will be plenty of opportunity at future meetings to cover the
45 economic issues. We will not have time today for you to repeat all

1 the detailed points already made to us but they will be picked up
2 as part as our consideration process.

3 We have reconsidered the agenda of the meeting and decided to
4 begin by discussing capacity and the enhancements required to
5 enable the increase in the quantum of services. Following this we
6 will look at the enhancements needed to enable specific
7 applications. We will then discuss performance on the East Coast
8 Main Line. An updated agenda has been tabled. I will introduce
9 each issue and we will start each topic off. Other stakeholders
10 will have the opportunity to ask questions through me. I would
11 ask that you do not interrupt each other and to try and keep things
12 brief and to the point. At the end of each session I will summarise
13 any action points.

14 Before we continue I will just pause and ask if there are any
15 questions on the process of today's meeting.

16 ALLIANCE: Just one. I'm a bit surprised that Grand Central and Hull Trains
17 aren't here seeing that any decision that's made has a significant
18 impact. I'm just making the point.

19 THE CHAIR: Okay. When I come to the next steps at the end I want to talk
20 about some other sessions and meetings we're having with
21 people, including the freight operators outside this session. So I'll
22 pick up on that point at the end, but thank you.

23 Anything else anybody wanted to raise? Okay in that case,
24 without any further ado we'll move onto the first agenda item and
25 I'm going to pass over to Rob who is going to start off our
26 questions on capacity.

27 ORR: Thank you. We'd like to start with the issue of whether there are
28 indeed eight paths for relevant LDHS trains on the line. The
29 Network Rail extensive study about a year ago, the May letter we
30 had from Network Rail and the discussion in June left us with a
31 pretty clear view, I think a consensus around the table, that eight
32 paths was technically available, consistent at quantum level with
33 TSGN's peak service plans though with some detailed reworking
34 needed in the peak timetable; some issues about Stevenage
35 calls; some issues about freight to resolve, but in essence there
36 were eight paths subject to those things being settled. So the first
37 big issue I think for us is that on page 3 of the latest Network Rail
38 letter, Network Rail seems to now be saying that it's unclear
39 whether there is space for eight paths even assuming the
40 connectivity schemes all go ahead, as we've discussed before.
41 So really the question is perhaps for Network Rail to talk us
42 through what has changed and just to confirm what is Network
43 Rail's current position on this question of eight LDHS paths.

1 NETWORK RAIL: We saw a number of responses from stakeholders saying there
2 seemed to be a shift in position from the last time we were all
3 round this table and indeed some of our previous
4 correspondence. We are not saying that eight long distance high
5 speed paths aren't available. What we're saying is, as we go
6 through this iterative process, as more issues emerge and more
7 detail emerges, it just shows there's a requirement to do more
8 work. What we've always said is that capacity can be available,
9 it's linked to some of the infrastructure assumptions and we've got
10 to underlie that with keeping performance considerations
11 absolutely at the key centre of any decision.

12 So depending on what timetable structure evolves through this
13 iterative process, what we're flagging is that there's still other
14 stages in this process to go through as we get greater clarity
15 through this process and other processes, such as what comes
16 out of the re-franchising Northern timetable and TransPennine,
17 clearly highlighted in our letter.

18 NETWORK RAIL: Then on a specific point, we've highlighted the issue of the two
19 service level commitments in two franchises at the south end of
20 the East Coast where there is more perhaps required as SLCs
21 than the capacity that would be available.

22 ORR: Thank you. We'll probably want to talk about both of those points.
23 Taking the second one first, what has changed then, what is the
24 conflict that you've now identified that wasn't there in June?

25 NETWORK RAIL: Significantly it's the number of Thameslink paths across Welwyn
26 Viaduct that has increased in [inaudible] and the analysis that
27 we've done.

28 ORR: So this is a change since June?

29 NETWORK RAIL: Changed since the analysis that was done, which was clearly
30 done a long way but which clearly was a long piece of work but
31 before June.

32 ORR: So I think you're saying the SLC hasn't changed the analysis
33 done a year ago...

34 NETWORK RAIL: As the individual who's done that work is not here, I'm at a bit of a
35 disadvantage in answering that.

36 ORR: Okay. So back to the first point, I think you're saying there that
37 your position hasn't really changed. There's still the same
38 uncertainties as there were before, you're just highlighting them
39 again. Is that what you're saying?

1 NETWORK RAIL: Yes. We're not saying that there isn't capacity for eight long
2 distance high speed paths, what we're saying is as we go through
3 this process more things come into play and further work will need
4 to be developed through iterative timetable discussions with our
5 stakeholders. We envisage that that picture will emerge as we
6 continue through this process.

7 ORR: I think one of the concerns we might have is the way you've
8 phrased it here though, it casts some doubt on whether it would
9 be safe to allocate rights for eight paths now. Now we know there
10 are concerns about performance, which we've acknowledged and
11 we will be thinking carefully about that and we've acknowledged
12 some issues about Stevenage and freight, as we've gone over
13 before. But are we still safe to make that assumption or are you
14 cautioning us now against allocating rights for eight paths?

15 NETWORK RAIL: Well, I don't think we are cautioning you, any decision you will
16 make will be on the facts that we present. All we're saying is that
17 at this moment in time we still think there is further work is to be
18 done but we've said that right from the very outset. We see this
19 going beyond any decision point and we said that at the very
20 outset as well that this is work that will go on into the year and into
21 the year after next as we go through a detailed timetable exercise.

22 THE CHAIR: Just let me check that one more time. The starting point has
23 always been eight and I think you're saying, as I understand you,
24 that that's still the starting point. The nature of the understanding
25 around what needs to be done, around the eight, continues to
26 evolve but that the wording here then isn't meant to signify a
27 particular shift in Network Rail's position in that sense, despite the
28 fact that that's how some of us might have read it, I guess.

29 ORR: I think all of us read it that way!

30 NETWORK RAIL: Just to clarify, I think all we're trying to say as we said at the very
31 outset at the first workshop, there were choices following our
32 capacity report. As we go through this process the choices
33 change and become different choices and that will continue to be
34 the case. I think that is what we're highlighting

35 ORR: Okay, so the thing that has changed is that you've had another
36 look at the TSGN requirements. They are not backed of course
37 by an application for rights at the moment. The modelling that
38 was done a year ago said there is an issue in the peak but it's not
39 in the quantum of paths, there's no problem off-peak, but
40 something's going to have to give in the detailed specifications
41 that everyone is working to in the peak to make it work, with that
42 proviso. Now you're saying, having had another look at it, I guess
43 in the last six weeks, your view is that actually there is a problem

1 in the quantum in the peak, is that right? How big is that
2 problem?

3 NETWORK RAIL: Well we can't answer that specifically from a capacity planning
4 perspective but it's something we need to work through the detail
5 of with all the applicants.

6 ORR: Okay, so there's no sense at this stage as to whether it's a very
7 big problem or a very small problem. Is that right?

8 NETWORK RAIL: It's a certain one or two trains and we'd need to confirm it in detail.

9 ORR: Okay, per hour?

10 NETWORK RAIL: Yes.

11 ORR: Okay, thank you that, that's helpful clarity I think. I could open it
12 up and see what anyone else has to say.

13 THE CHAIR: Does anybody else want to come in at this point? We're going to
14 cover this point then we're going to come onto the actual capacity.
15 Alliance.

16 ALLIANCE: Thank you. 'Frustration' is not the word for this. For those of us
17 who have been on the East Coast for a long time we've been
18 working at the Programme Board for well over two years.
19 Eight paths was something that we pursued from day one. I'm a
20 bit surprised that Network Rail says that the letter's not meant to
21 suggest that there aren't eight paths because the letter actually
22 suggests there's probably not even seven, so perhaps he can
23 explain that.

24 The other concern I have, particularly with the letter is its
25 accuracy, there are lots of errors in there about what capacity is
26 available, etc. just take Grimsby to Cleethorpes, for example.
27 There's a lot of reference to TPE, which is not part of this process
28 and never has been from the beginning. Just as an example
29 there's one little key in there, being a member of the Programmes
30 Board for quite some time I remember signing off platform 0 at
31 Doncaster and I've got the papers which says that platform 0,
32 critical for the seventh path and also for the eighth path, despite
33 the fact that there are seven paths operating in many hours now.

34 Look at page 4 of the report, or the letter rather than the report,
35 talks about Doncaster having a new platform critical for the
36 seventh path. No. So that's £20 million worth of public money
37 spent on something that now Network Rail say they didn't need to
38 do despite explaining to all the people at the Programmes Board
39 the requirements. You cannot keep going on saying, 'We're not
40 quite there yet'. The original capacity report is from December.

1 We have all known, we were expecting a decision in May.
2 Of course things change but we'll be in next December. I think
3 the issue we've got is, I know it's difficult for Tim, but he cannot
4 come here and suggest the letter says something that it doesn't
5 say, because it doesn't say there are eight paths. Exactly the
6 opposite is what it says and it contradicts the original letter.

7 So the accuracy of the information from Network Rail is a major
8 issue for us and I guess for everybody else and we've seen other
9 people's responses to this and clearly from yourselves it's an
10 issue for you as well.

11 THE CHAIR: Thank you. DfT

12 ORR: Just to echo the concern that Alliance raised that we're seeing
13 over seven paths now. We never previously had any doubt that
14 that was going to be feasible in terms of the proposals we'd been
15 looking at with VTEC, so it is very concerning that the letter
16 appears to undermine that. I think we would like to rectify that as
17 soon as possible, recognising there's more work to be done
18 before and after a decision. I think if we can clarify the situation in
19 terms of seven that would be good.

20 ALLIANCE: Could we just clarify on page 3, it's not just the seven or eight
21 paths out of London but it's up to four London paths between
22 Doncaster and York. If my maths is correct, there are currently
23 four London trains between Doncaster and York in a number of
24 hours at present or at least between Doncaster and Hambleton
25 Junction. So that's implying really no increase above the current
26 level is possible. Could that be clarified?

27 THE CHAIR: Let me hold that point for a second. I'm just going to see if
28 anybody else has got any other points and I'm going to ask
29 Network Rail to come back in a second. Does anybody else have
30 any other points in this area?

31 FIRSTGROUP: We, like many of the other stakeholders around the table, had
32 read Network Rail's letter to effectively say there is no additional
33 capacity for any extra services for the next five plus years. So we
34 certainly welcome Network Rail's clarification this morning that
35 that's not what they intended to say within the letter - but clearly
36 it's important that we clarify this point with Network Rail further.

37 THE CHAIR: Thank you. I want to come back a little bit on all those points in a
38 minute. Alliance.

39 ALLIANCE: I just want to add that when we made our applications for both the
40 West Yorkshire and Cleethorpes and for our Scottish services, our
41 application was based on CP4 enhancements which, when you
42 look at what they actually included, there were extra paths in that.

1 That was £700 million. So we don't want to lose sight, I notice the
2 report is silent on the CP4 enhancements. We don't know if it's
3 silent on actually those enhancements that were made to actually
4 deliver extra paths as well as the CP5 ones. We wrote to the
5 ORR about this in December 2013 and we pointed this out so I'm
6 quite happy to send on our rationale and reasons why there
7 should be some capacity from those schemes as well.

8 THE CHAIR: Okay noted, thank you. Can I ask Network Rail first of all, there
9 was an earlier very specific point from Alliance, could Network
10 Rail come back on that now?

11 NETWORK RAIL: We probably think the best idea, because there are a number of
12 detailed questions in each of the respondent's prepared recent
13 letters, is that we take those away and come back with some very
14 urgent clarification on all those points in one go rather than in
15 isolation because there are knock on effects of considering each
16 of the questions asked in each of the letters.

17 THE CHAIR: There are two points in my mind. One, I think that would be very
18 helpful because there have been a number of detailed points
19 raised in the letters and round the table now. I think Network Rail
20 coming back and doing that in a consolidated way in the public
21 domain on the record will be fine. I think though, given the
22 importance of this issue, whilst the transcript will record where we
23 got to today, the transcript is quite a dense document and not
24 everybody will read it, frankly. I think that it will therefore be
25 helpful for Network Rail just to clarify its position on the eight
26 paths and then that would be in the public domain as well as a
27 clear statement and would resolve any ambiguities that come out
28 of this report. I think that would be an important step.

29 FIRSTGROUP: Can I just clarify exactly the part that Alliance's query was over
30 because I didn't catch it.

31 ALLIANCE: My understanding is that there are two services an hour to
32 Newcastle, mostly extended to Edinburgh. In some hours there is
33 a Virgin service to York and in most hours there's either a First
34 Hull Trains service or a Grand Central Sunderland service. So in
35 quite a number of hours there are four trains north of Doncaster at
36 the moment. The implication of what Network Rail says in the
37 letter is that (apart from filling in a few hours where there aren't
38 four trains) nothing extra can be accommodated which would
39 affect all the applications that are being considered at the
40 moment.

41 FIRSTGROUP: Okay, that is helpful because we also had a comment that
42 between Peterborough and Doncaster where the letter now says
43 that there are now only four that are going to be available, but the
44 report in December said there would be five. So that's different

1 but I just missed the section of the route that Simon was talking
2 about. So we're talking about between Peterborough and
3 Doncaster there's a discrepancy and clearly there's now a
4 discrepancy as well north of Doncaster.

5 THE CHAIR: Can I ask Network Rail to take that as a further point tabled then,
6 going back to your point about trying to address all the detailed
7 issues that have been raised?

8 NETWORK RAIL: Yes. So we'll take that and every other detailed question that was
9 in each of the correspondences.

10 THE CHAIR: Right, and after this session we'll agree how rapidly that can be
11 done.

12 On that note, I'm just going to draw a line under the eight paths an
13 hour issue and move on to the works required section. Rob, do
14 you want to press on with this?

15 ORR: Yes. So looking at page 4 of the Network Rail letter from
16 2 October, there's a list of works identified as critical to freeing up
17 seven and eight LDHS paths an hour. Could we start by Network
18 Rail telling us a little bit about what it's done and how it's come to
19 the conclusion that the Woodwalton four tracking and the
20 Werrington work are the two critical pieces needed for seven
21 trains an hour.

22 NETWORK RAIL: So the piece of work is a piece of timetable analysis using a team
23 that have been working on the East Coast connectivity schemes
24 to look at the implications of running the different services.

25 ORR: What do others round the table think about this suggestion then
26 that these are the two critical schemes for seven paths an hour?
27 Does this make sense to everyone?

28 FIRSTGROUP: We've made the observation that there are hours in the day
29 already where there are at least seven trains operating on the
30 East Coast Main Line on the current infrastructure. So we'd
31 certainly welcome seeing some more detail of the analysis that
32 Network Rail has undertaken so all the applicants can study that
33 further.

34 ALLIANCE: There is an odd hour in the off-peak where there are actually nine
35 on the route and again if we refer back to the Programmes Board,
36 we consistently talked about this for two years and explained to
37 Network Rail that we are already running seven in many hours
38 and more in some hours and therefore the starting point for all the
39 work on the East Coast had to be looking for eight paths which
40 eventually of course, in the capacity report, suggested that was
41 the position. As we pointed out, a lot of those schemes were

1 predicated, in effect linked in together, in order to unlock capacity
2 as well as performance on the route. But we always,
3 unfortunately, seem to come back to the fact that the money gets
4 spent, the schemes get built and Network Rail refer back to 'Well
5 it's really resilience that we've got, not further paths.' If we look at
6 CP4, for example, I know you probably don't want us to go back
7 to CP4...

8 ORR: ...if it's relevant.

9 ALLIANCE: It is relevant because there were programmed works in CP4
10 which were meant to deliver at least one and in some cases two
11 additional paths on the ECML from the six that there were at that
12 moment, and we're still here talking about possibly seven with
13 CP5 enhancement. It is so difficult to get a handle on what's
14 actually delivered from the work that's undertaken by Network
15 Rail. We're all here because we believed that there is capacity
16 and that investment was being made in the infrastructure to
17 release capacity and we always seem to end up with the same
18 position at the end of scheme work. So there's definitely seven,
19 as Chris has pointed out and Leo has pointed out, in some hours
20 there's nine. I understand the resilience issue on that, but we
21 really do need to get a handle and have some more consistency
22 from Network Rail in its reporting.

23 ORR: Thank you.

24 VTEC: I think from our point of view we have always understood that
25 some additional capacity was needed on the route to
26 accommodate the growth in services and it's really I think the first
27 time that you've asked the question of what's needed for seven,
28 what's needed for seven and a half. We've known what the
29 answer's been for eight for some time and there is a lot of new
30 information that has come out. We've put in our response that we
31 need to understand some more of the detail and then actually
32 reflect. But just picking up Alliance's point, clearly there may well
33 be hours when the route is already accommodating more long
34 distance services now but we know it's a trade-off. We know
35 when we run more services now performance suffers. We know
36 that we have to compromise in terms of things like stops at
37 Stevenage or the number of services other people are running,
38 the number of freight services that are running. So it's all a
39 question of trade-offs and I'm not sure it's actually that relevant
40 because clearly the proposal that you're considering is about
41 services throughout the day and it is a big step. Network Rail are
42 right in terms of some serious work needs to be done, further
43 thought needs to be given so that we can be confident that we
44 can run more services and increase performance, which is where
45 I think we all want to get.

1 ORR: Yes, I was going to make the point that the extra services
2 probably only run now in hours when there's no freight.

3 NETWORK RAIL: That is exactly the point, the question that we were addressing
4 here is not which hours could something run in but a seven train
5 per hour all day timetable, which is quite different to the more
6 complicated interactions that we manage today with the rights that
7 people have.

8 FIRSTGROUP: Can I just come in on the point about when we run more services
9 that performance declines. Our analysis has shown that average
10 lateness arriving at King's Cross is maintained in those hours
11 when there are more paths operating.

12 FIRSTGROUP: We have provided that evidence in our submission to you.

13 ORR: Yes, we've noted that and thought we might touch on that when
14 we come to performance a little later, but it was an interesting
15 point. I think Network Rail makes a good point, and Mick, about
16 the freight and the other assumptions. I think it was helpful that
17 you've set this out. It sounds like it would be useful if you can
18 share the analysis that has led you to this conclusion with
19 everyone as soon as possible please.

20 I think what struck us particularly, well something that we hadn't
21 heard before, or noticed, was the suggestion that these two
22 schemes appear to be critical to the franchise delivering its SLC.
23 But it sounds like that's not a great surprise to Virgin Trains.

24 ALLIANCE: Could I just add one little bit. I nearly said it's déjà vu again and
25 I'll have to be very careful about what I say! In 2005 at the
26 hearing, Adrian Caltieri made the point about freight and in our
27 letter that we sent to you, you did ask a question about current
28 freight but the output from this letter is about paths. Now we've
29 analysed, I do sound like Adrian now from all those years ago, on
30 average there's around five freight trains a day on certain parts of
31 the route and yet there's often two or three paths an hour on the
32 route which appears to be what the capacity was evaluated
33 against. So we need to also consider the position there because
34 going back all that time, we expected freight to continue to grow
35 and it doesn't seem to have happened in the way that was
36 expected. We also need to make sure that the responses to your
37 letters are accurate in the question that you've asked which is not
38 about paths, it's about current freight and that is quite important in
39 relation to the views of capacity.

40 ORR: Thank you.

41 ALLIANCE: Can I just add about freight and I think this is a question for
42 Network Rail. Just to make sure that when it sends its analysis

1 that it's taking into account all the, I think there are over a
2 thousand freight paths nationally that was going to be removed.
3 I'm not sure that's actually happened, you know, we've got this
4 process going where we're stripping out freight rights.

5 ORR: That certainly has happened, there's been a lot of work going on
6 on that.

7 ALLIANCE: Yes, I know the work's been happening but there was an issue
8 with how they were actually removing the rights from the timetable
9 and it's the timing of those rights that would end up actually going
10 into the prior working timetable again and being rolled forward.
11 That's something that's been pointed out to Network Rail that it
12 never dawned on them that that was an issue but they were going
13 to sort that out, I don't think it's happened.

14 THE CHAIR: Let's just note that point I think, or do you want to come in now?

15 NETWORK RAIL: It is happening, it is an ongoing programme. As you said, there
16 are a large number of things certainly happening, both on a rights
17 perspective and on the downstream systems and timetables.

18 THE CHAIR: Right, thank you.

19 ORR: So that deals with the table and what you say about seven trains
20 per hour, so thank you for that. You also have clarified that
21 there's one initiative, one extra initiative necessary to unlock eight,
22 which is King's Cross remodelling. I have to say we weren't clear
23 why that was in there as an essential piece of work to deliver
24 eight. It wasn't something I think we noted in earlier studies over
25 the last year as being vital. Can you say a bit more about why
26 you think it is critical now?

27 NETWORK RAIL: It's probably a fairly detailed piece, so it's undoubtedly easier for
28 us to document that in our response to the detail that we've
29 promised.

30 ORR: Okay.

31 NETWORK RAIL: Significantly it's around issues of platforming at King's Cross.

32 ORR: I think there is some scepticism around the room on that.

33 NETWORK RAIL: Which is why, I suspect, we'd better share the analysis.

34 THE CHAIR: Just on that, it's the analysis of exactly what it is in terms of the
35 work that is required to be done and then what the benefits are
36 from it.

1 ALLIANCE: Unfortunately Chris can't be here today because we're spread a
2 little bit thin, there's a West Coast meeting on the go where we do
3 have some rights, so he's obviously had to go there.

4 King's Cross is a real issue for Chris, who is an expert, and
5 certainly far more of an expert than me. I was a bit surprised for
6 Network Rail to say that it's platforming considering how many
7 platforms are going to be vacated when a lot of things dive under
8 the tunnel. But there does seem to be some scepticism amongst
9 rail experts that the remodelling of King's Cross actually makes
10 things worse, not better. They've asked on numerous occasions
11 for the scheme to be relooked at and whether or not just a straight
12 replacement would be better. I think Chris has said some parallel
13 moves disappear and that type of thing because the assumption
14 is that the TSGN services will go down certain routes and reduce
15 the flexibility. Now as I say, I'm not an expert on these things but I
16 was a bit surprised that platforming could be perceived to be the
17 issue and there's clearly going to be a significant number of empty
18 platforms compared to what there is today.

19 FIRSTGROUP: I think it would be helpful in Network Rail's response if they could
20 also clarify whether they believe this is an issue that applies just in
21 the peak period or in every hour all day?

22 ORR: Maybe Network Rail can say that now?

23 NETWORK RAIL: Just building on Alliance's point, originally this scheme was a like
24 for like renewal and has effectively become a remodelling which
25 obviously has a different treatment than a like for like renewal.
26 So that's where a lot of concern and questioning has come from
27 because effectively, the signalling has expired, it needs to be
28 replaced and so like for like renewal and then quite happily, it's
29 good to see that actually a renewal is being treated as something
30 different to say, 'We've got an opportunity, we could do something
31 we could remodel, so we'll look at it as a remodelling.' But to say
32 that you go from a like for like renewal that would deliver what's
33 there today but 'We don't think platforming is a problem,
34 particularly with the GTR services disappearing to then say,
35 'We're going to remodel it and make it worse' that's a cause for
36 concern.

37 THE CHAIR: Thank you.

38 DFT: Can I just add, I've been involved in some of this work from a
39 sponsorship perspective and I'm sure that Nigel Kay, who is the
40 Network Rail Project Director, will feed into your response. But I
41 think it's very important to note that there are two elements: it is
42 not possible to do a like for like renewal at King's Cross because
43 of standards and various others issues. So the approach the
44 team has been asked to take is to look at what's required to

1 secure existing rights but, more importantly, what's required to
2 secure future aspirations including eight trains per hour, longer
3 trains and that has been taken on board as part of their scope.
4 There has been acceptance or recognition that part of the £270
5 million CP5 enhancement fund should be allocated, and I think
6 the Programme Board has agreed to this, to pay for some
7 enhancements over and above the base case to provide
8 additional capacity. Without going into too much detail, I know
9 that they are looking, for example, to open up the third tunnel to
10 provide extra capacity and operational flexibility as well as
11 increasing line speeds at the turn outs. I think it's not signalling
12 that is the catalyst because obviously that's been picked up by
13 other signalling initiatives, I think it's the switches and crossings
14 that are fundamentally shot at King's Cross and should have been
15 already renewed, I think even back in CP3. I think that it would be
16 right and proper for Network Rail's project team to input into the
17 response and be very clear about what's being delivered. But my
18 understanding is that they are looking to provide enhancements to
19 capacity rather than anything else.

20 **ORR:** Thank you. Alliance.

21 **ALLIANCE:** I'm looking through the tables in the letter and I think it would be
22 really helpful for Network Rail to produce a table that actually
23 states all the schemes, including CP4 schemes, and put a figure
24 against that, like they did in the actual delivery plan, about the
25 additional capacity that's created. I think that would be helpful for
26 everybody.

27 **NETWORK RAIL:** Can I just say because we've had this discussion a number of
28 times. It is not individual schemes that release capacity. We've
29 had that discussion a number of times. It is the way they are tied
30 together and the particular timetable structure that is adopted. It
31 is difficult therefore to answer those simplistic questions about
32 what is specifically delivered, but that's what we're trying to do.
33 So to put them against each individual one actually wouldn't work,
34 it needs to be what is the programme that delivers those things.

35 **ALLIANCE:** I hear what you're saying, but in the delivery plan for CP4 you did
36 exactly that and you stated, I think one additional long distance
37 high speed path.

38 **NETWORK RAIL:** We've had the discussion a number of times.

39 **THE CHAIR:** I'm going to draw this point to a close, I don't want to go back. I'm
40 aware of some of the history behind this, I remember some of the
41 earlier correspondence. I am really keen to focus on where we're
42 trying to get to with these tables today and this particular set of
43 applications that we're facing. I understand the debate but we

1 must focus on this. I'm going to bring us back with Rob now.
2 Sorry, FirstGroup.

3 FIRSTGROUP: Network Rail made a point which I think is valid in the context of
4 the discussion but I just want to make sure it isn't missed. When
5 talking about the various enhancements that may or may not be
6 required to deliver capacity, it's all about the totality. I think you
7 explained that that's to do with how the timetable is structured but
8 we're here to discuss capacity allocation and there are numerous
9 ways to deliver timetables, when you have a set of paths and a
10 set of rights. I just want to make sure that we're not having a
11 timetable discussion, we're having a discussion about capacity
12 and paths.

13 THE CHAIR: Okay, thank you.

14 ORR: That's a good point, so thank you.

15 So two other points then I think on this table before we go onto
16 some of the more detailed issues. I'm still looking at page 4 here
17 and thinking about whether there's anything that ought to be in the
18 table that isn't. I think it was Virgin Trains, although others may
19 have spotted, that your letter didn't mention the Tweedbank
20 services and the possible limitations on running three LDHS to
21 Edinburgh. Is that because that concern has gone away or that it
22 hasn't?

23 NETWORK RAIL: That's one of the issues that we'll respond with clarity on when we
24 respond to all the others issues. So we'll check and come back to
25 you.

26 ORR: So you're not sure whether there's still a problem at that end?

27 NETWORK RAIL: No.

28 ORR: Okay.

29 ALLIANCE: That is a bit of a concern, isn't it really?

30 ORR: I thought that would be a quick easy answer actually, that –

31 [Crosstalk]

32 ALLIANCE: Well, the other issue now is how many other things that you don't
33 know about will you eventually know about and do something
34 about? It's a real issue and it's one of the reasons why people
35 are reluctant to invest significant sums in trying to look forward in
36 relation to the planning. I understand about the schemes but
37 that's what the Programmes Board was for, to make sure that the
38 spend pulled all the schemes together so we didn't get any short

1 spots, whereas we've done it here, done it there, it doesn't work
2 and the Programmes Board seems to have done its job in most of
3 those. But it is a concern because I think in the letter, as well as
4 you pointed out with those issues, there's masses that we
5 probably don't know at the moment. You've just raised one today
6 that really should not have been raised. I'd assumed, because it's
7 not here, that it's not an issue but it seems to be an issue because
8 either it had been forgotten or we'd missed it, or I don't know.

9 THE CHAIR: I think that's the crucial point. We need to be absolutely clear
10 whether it has gone away from being an issue or whether it still is.
11 That's what we need to clarify and that's what needs to come out
12 of this session today because we mustn't all go away thinking
13 something has been resolved and it hasn't. So point taken.

14 ORR: Yes, and Network Rail has added it so that should be clearer
15 shortly. Now the other thing which isn't on the table on that page,
16 but you do talk about fairly extensively as a critical issue, is power
17 supplies and, in particular, there's talk of a potential problem with
18 the power supply in the Doncaster area. This seems to us to be a
19 significant new issue. Power supply has come up before of
20 course but in our minds it was an issue to be delved into north of
21 Newcastle. Network Rail, can you confirm for us please where
22 you've now got to on this and is this a significant new issue
23 affecting any increase in services beyond today's levels, which is
24 what it seems to be in your letter?

25 NETWORK RAIL: The enhancement delivery plan has two schemes in it in relation
26 to power supply. One is the scheme LNE002B is applying the
27 power supply upgrade which increases the power supply south of
28 Doncaster to deal with both long distance high speed and the
29 Thameslink service frequencies. The other scheme is a scheme
30 that's currently in development which is to look at the LNE route
31 north of Doncaster and northwards to identify what the power
32 supply constraints are and to identify those solutions for potential
33 delivery late in CP5 and into CP6. The modelling that was done
34 was done at a time where the Secretary of State had announced
35 that the TransPennine electrification itself was paused and in the
36 model we've not therefore included the provision of the power
37 feeder at Milford which would potentially address issues in the
38 Doncaster area. As was laid out in the letter, our work stream is
39 moving through to conclude what we call GRIP 2 by the end of
40 December at which point we intend to have more detail on the
41 modelling but also the options for addressing it. Now we will also
42 be updating that to reflect that the TransPennine electrification is
43 now not on pause and is expected to deliver the outputs of the
44 exchange of letters for 2022.

45 ORR: I'd like views please. What do people think of that update?
46 Is everyone clear?

1 THE CHAIR: Can I just clarify going back to one question in answer to your
2 question, it's just what exactly is the power supply work
3 achieving? So going back to the current level of services, is it to
4 help deliver any increase in service levels beyond the current
5 level?

6 NETWORK RAIL: So what we have modelled... I'm trying to think how to answer
7 that. It is to deliver the increases, that's what the scope is about
8 and it's to identify at what point we hit the challenge that we will
9 be drawing too much power from the grid. Now if we wanted to
10 go into that in any more detail I really would need to get the
11 engineering experts in.

12 THE CHAIR: Right. I think we probably will want to press you a bit more on
13 that. Let me just go back to where Rob said and open it up a bit
14 for any questions.

15 ALLIANCE: I think we said in our letter we were just surprised. It never
16 cropped up at the Programmes Board that the Doncaster power
17 supply was an issue and bearing in mind the money that's been
18 spent to create the capacity, it would have been a dreadful
19 position for you to have approved things and then suddenly find
20 that we all have to run diesel trains at certain times of the day.
21 So I'm afraid it's just another issue that creates massive
22 uncertainty for everybody I think in the room about Network Rail's
23 ability to understand its infrastructure particularly on schemes that
24 have been ongoing for two and a half years. We've all known
25 through the Programme Board there's this amount of money and
26 this scheme has never cropped up as being an issue, so again
27 just to reflect some concern about that.

28 ORR: So it clearly was visible, but not to the Programme Board?

29 ALLIANCE: Not visible to the Programmes Board.

30 ORR: Okay, fair enough. Leo.

31 FIRSTGROUP: It would be helpful if Network Rail were able to share the remit of
32 the GRIP 2 study so that all the applicants are able to comment
33 on it. We're particularly keen to see how the impact of
34 regenerative braking has been taken into account in the analysis
35 and modelling. There are some different features that relate to
36 each of the different applications that are around the table.
37 For example, our proposal is based on five car trains which
38 proportionally have a lower power draw than some of the other
39 applicants, so it would be good just to see that remit and be able
40 to comment upon it.

41 ORR: Thank you.

1 VTEC: I think from my point of view I'd be interested in seeing the GRIP 2
2 study which is due to be complete by December. It appears to me
3 that there's actually a lot of uncertainty with the power supply and
4 electrification schemes in the industry at the moment and actually
5 is it right that we should take a decision on access whereas the
6 GRIP 2 study should be doing more work to get it to a higher
7 GRIP stage and if so, what might be the plans to help with that as
8 well. Perhaps in responding to the detailed points, perhaps you
9 could respond in terms of the programme for taking that scheme
10 through the subsequent GRIP stages.

11 ORR: Okay, thank you. Anybody else?

12 ALLIANCE: I just want to echo VTEC's view there. You know we've said in a
13 couple of letters that although our applications are very
14 longstanding, there doesn't appear to be an imperative to make a
15 very quick decision based on what is very, very patchy information
16 at the minute. You need, as you said, to get the right information
17 to make the right decisions. VTEC's trains are being built,
18 FirstGroup's will be in the queue, Pendolinos are going to start
19 very soon and none of us can be at the network next week. I just
20 think there is so much information still to come from Network Rail
21 that's solid and I think a decision in December is really, really
22 difficult based on what I'm looking at here today.

23 THE CHAIR: Just to clarify that point; we have never said that we are
24 committed to taking a decision in December and if you read the
25 letters carefully, that has never been said. We have a timetable
26 which is around collating all the information that we think we'll
27 need to take a decision. If we don't have all the information on
28 which to take a decision then clearly the timetable will be varied. I
29 think, to be fair, we have been quite clear and open about that.
30 On the other hand, it is important to have a timetable of
31 reasonable pace otherwise, let's be fair, we have been criticised
32 extensively in the past for taking too long to take decisions on
33 things. We have tried to set a reasonably paced timetable but our
34 position has never changed on this. I understand exactly what
35 people are saying around the table and if more time is needed to
36 take a well informed decision, then so be it. That's our position; it
37 has always been exactly the same, but point taken.

38 Let's press on because what I think has come out of this session
39 so far today is that new information has come to light in some
40 areas, important new information, and we're going to have to
41 reflect on it. But let's keep working through the agenda. Just to
42 quickly take stock of what we've now gone through in terms of this
43 table, are we ready to move on to the next stage now?

44 ORR: Nearly. I've got one last clarification, we've taken things out of
45 order but we're ahead of time, I think. I had one last question on

1 the table and then perhaps a few discussion points on the more
2 detailed table that follows so if we just take those.

3 The last clarification is on the power supplies point. I had it in
4 mind previously we'd discussed power supply issues further up
5 the line to the north that needs to be addressed. Are they still on
6 the list of things to be addressed? What we've now added is an
7 earlier more pressing problem.

8 NETWORK RAIL: So we have done the detailed analysis of the whole route, as
9 described in the letter, based on what needs to draw, we'll share
10 the remit on that. I think it does [inaudible] but there'll no doubt be
11 differences in terms of regenerative braking for different types of
12 vehicles. But we have now done that detailed piece of analysis
13 between Scotland and Doncaster.

14 VTEC: Does that include within Scotland?

15 NETWORK RAIL: Yes.

16 ORR: Okay, thank you for that; that was helpful clarification.

17 THE CHAIR: In terms of what the next step is, we probably need to sit down
18 with Network Rail and just agree how this clarification is going to
19 be presented given the questions that have been put today. I
20 think it's really important that what we don't have is iterative
21 stages where further points keep coming back. We've had some
22 fairly fundamental points raised to day and I think we need to set
23 all those out and agree a specification for what now needs to be
24 presented to resolve them so we do get clarity around the points
25 that have been made. We will do that.

26 ORR: So we spent a lot of time then usefully, I think, talking about the
27 summary table of critical works linked to capacity on page 4 of
28 Network Rail's letter. My last question was just to double check
29 really if anyone around the table thought there was something
30 missing from this table or that they wished to quibble over it being
31 included beyond the ones that we've touched on already. *(Pause)*
32 Do you understand the question?

33 FIRSTGROUP: I just want to clarify, do you mean the content of the table?

34 ORR: Yes, well I was thinking more about whether there are rows
35 missing actually. But if you think there are no rows missing I'm
36 happy for you to go on and say, 'Well actually I don't think there
37 are any rows missing but I don't like the way this says yes or no in
38 these spaces, I think that's wrong.'

39 FIRSTGROUP: We would query the extent to which the table is suggesting that
40 certain schemes constrain capacity on the route against the

1 backdrop we referred to earlier of a higher quantum of trains an
2 hour operating on the route in certain hours with good levels of
3 performance.

4 THE CHAIR: This is your underlying point? Yes, right.

5 ORR: So the Woodwalton and the Werrington schemes, for example,
6 being flagged as critical?

7 FIRSTGROUP: Yes. I think the other point I'd like to offer is that there are some
8 differences as well between the different applicants and the
9 nature of the rights that they're seeking and the services that
10 they're seeking to operate, which is relevant to this discussion. In
11 particular, it's worth drawing out that we've applied for quantum
12 only rights. We've also, we're not seeking any capacity during
13 peak periods in and out of King's Cross, which is relevant to some
14 of the earlier discussion that was drawn out. Our application is
15 just for five paths across the totality of the day with many of those
16 services operating at times that are well below the peak threshold
17 of services.

18 THE CHAIR: Noted, thank you.

19 FIRSTGROUP: I think this is back to the point I made earlier again about the
20 difference between capacity and timetables. There's a lot where
21 this gets referred back to Network Rail about timetables. There
22 are, once the capacity is allocated, a lot of ways to design a
23 timetable to deliver the outcome. We have made the point
24 already but we are concerned that the table implies capacity is
25 constrained without these schemes, that's not the case.

26 VTEC: Can I just draw us back to the conversation we had at the
27 beginning of the meeting about TSGN service level commitments.
28 We mustn't overlook that fact that it's a work in progress both in
29 terms of meshing the TSGN and VTEC SLCs and also in terms of
30 the enhancements south of Peterborough that Mr Hendy is
31 reviewing. I think we've all sat in meetings over the last few
32 weeks and heard how some of those schemes are under
33 significant review and they could well be deferred and we just
34 need to – there are a number of assumptions in this
35 correspondence and we just need to be sure that those
36 assumptions remain valid over the coming weeks.

37 ORR: Yes, I think the Hendy backcloth is certainly recognised as about
38 to fall on all us at some point.

39 FIRSTGROUP: We understand that there is some detailed prioritisation work that
40 is already being done. We quite understand that it probably won't
41 be appropriate that that is in the public domain at the moment but
42 it is probably right that stakeholders and you, as regulator, have

1 access to that in terms of the current detailed thinking of
2 prioritisation of projects. So our suggestion would be in the
3 exercise that you're doing with Network Rail on their response, is
4 that that is provided as confidential input to stakeholders and to
5 you. Confidential at the moment because I think we would echo
6 your view that there is always a danger that there is another piece
7 of work, another piece of work, another piece of work and one
8 ultimately ends up with the submission that nothing happens until
9 the very last piece locks into place at the end of the five year
10 period or whenever it happens to be. There is existing thinking on
11 prioritisation. That is obviously a key part of the analysis to get to
12 the right balance between a swift decision and endless deferral.

13 THE CHAIR: When you say prioritisation, you're talking about prioritisation in
14 the context of the Hendy review?

15 FIRSTGROUP: Yes.

16 THE CHAIR: I'm not sure that it's within anyone's power here to say that that
17 could be circulated. So this is Peter Hendy's review. It is to the
18 Secretary of State and if he chooses to circulate it, that's his call.
19 I don't think it's our call to circulate the prioritisation work that's
20 been done. Also I think we have to be realistic about this, there is
21 a review underway, at some point recommendations will be made.
22 Those recommendations may or may not be accepted by the
23 Secretary of State and the timetable for doing that I do not believe
24 has been firmly fixed. So in that sense my personal view is all we
25 can do is continue the analytical work on a set of clear
26 assumptions, because then you do know that if those
27 assumptions change, we need to do something different. I think
28 it's very difficult to start blurring the two things and I personally
29 don't think that will be possible at this stage, unless anybody
30 wants to contradict that.

31 ORR: Can I just check one thing. VTEC, you mentioned the TSGN
32 issue that we touched on earlier. That suggests to me that you
33 and TSGN and the Department might recognise this capacity
34 issue that Network Rail talked about earlier and are in some
35 discussions as to how it might be dealt with. Is that right or do
36 you not recognise the issue or do you but you're not in
37 discussions? What's currently happening, can you say?

38 VTEC: We're not in discussions I think it's fair to say, but we recognise it
39 as an issue that does need working through.

40 NETWORK RAIL: It's perhaps easier for me to pick up on that. We have been
41 developing for a number of years various development timetables
42 as part of the Thameslink upgrade. We developed our latest one
43 in 2014 which doesn't resolve all the issues and are proposing to

1 move towards an events steering group to begin to progress how
2 we might resolve these things.

3 ORR: Okay, thank you for that. So that's probably enough on the
4 summary table.

5 On the more detailed table, this is the one that deals with many of
6 the projects line by line at pages 6-8. There are odd gaps we
7 noticed, in the RAG ratings, perhaps if you could fill in those as
8 part of your detailed follow up, that would be great. Could you just
9 mention to us how we should interpret the RAG rating, what does
10 the amber mean when we see that please?

11 NETWORK RAIL: So what we've sought to try and do is share the process we use
12 for assessing our projects and that relates to both an assessment
13 of a cost risk and a scheduled risk. I think there's a little bit more
14 detail in the appendix. For those projects that have completed
15 GRIP 3 stage review, those are based on a quantified risk
16 assessment and qualitative schedule risk assessment and then
17 we seek to interpret those into simple colours of, 'Is this good to
18 go?' Is there a very good angle on the cost programme or are
19 there some concerns in there that we still have to work out as we
20 move through the process. The two biggest ones that have the
21 greatest risk to them are the two that we believe, on our current
22 analysis, requires [inaudible].

23 ORR: Which are those two?

24 NETWORK RAIL: Werrington and the four tracking between Woodwalton and
25 [inaudible].

26 ORR: Yes, I thought you might say that!

27 NETWORK RAIL: Which is why the programmes are currently sitting, both
28 programme dates are currently sitting. That's not to say they have
29 not yet completed GRIP 3, we will get much more certainty as
30 those schemes complete GRIP 3.

31 ORR: Sorry, just to clarify then, so the RAG status is risk to delivery
32 rather than current progress of projects?

33 NETWORK RAIL: Yes.

34 THE CHAIR: Just to further re-clarify, I thought I heard it was a mix of delivery
35 and cost?

36 NETWORK RAIL: And programme.

37 THE CHAIR: Right, okay.

1 ORR: Well I think in the table the one thing that jumped out at us that
2 we'd want to discuss here was the timings in there for the
3 Woodwalton and Werrington work. It did occur to us that in the
4 June hearing you talked a little bit about connectivity funded
5 works and said there were two schemes where the dates were
6 slipping back. That was these two schemes, presumably?

7 NETWORK RAIL: It's difficult to remember the specific link but I think we've sought
8 to try and be clear on the detail of programming.

9 ORR: Okay, so those dates, coupled with your earlier table of analysis,
10 seems to say that you can't accommodate any additional LDHS
11 trains beyond those running today before January 2021. Is that
12 an accurate summary of the position as it stands?

13 NETWORK RAIL: I think what we've been clear on is when the programme is, when
14 the current programme dates are for those schemes.

15 THE CHAIR: I think Rob's question was about the link to the previous table and
16 about which schemes were essential for a certain number of
17 paths.

18 ORR: Yes, the previous table said these schemes are essential to
19 deliver seven paths.

20 NETWORK RAIL: Yes.

21 ORR: This table says the later of the two is January 2021.

22 NETWORK RAIL: That's right.

23 ORR: That suggests one couldn't run seven before 2021?

24 NETWORK RAIL: But the programme dates are the current position in the
25 development of those programmes. They are two very large
26 schemes that have not yet completed GRIP 3.

27 THE CHAIR: Just to be clear, you're saying things might change again because
28 they're not even yet at GRIP 3?

29 NETWORK RAIL: I fully expect the programme dates will change, I just do not know
30 which way they will change.

31 ORR: Okay, I think that tells us what we were wondering. I didn't have
32 any other comments or questions about the table but others
33 around the table might have comments or questions...

34 ALLIANCE: I'm glad it told you what you were wondering, because it didn't tell
35 me what I was wondering! We've already got seven paths in
36 many hours so Woodwalton four tracking is clearly not required

1 for seven, for eight maybe. I'm not convinced about that either.
2 So maybe you can explain to me what's been explained to you
3 that makes it clearer because it certainly is not clearer to me,
4 except the date.

5 ORR: Well I don't think – Go on.

6 THE CHAIR: I thought Rob's point was...

7 ALLIANCE: ...it's just that I am no clearer. It says in there January 2021,
8 eight paths. There's a suggestion it could be earlier, it could be
9 later. I'm totally unclear because, again I go back to the
10 Programmes Board, all these were meant to link together to
11 deliver it in CP5. I understand there may be some slippage but
12 we're talking about significant slippage now.

13 THE CHAIR: Is your point, going back to what the Programme Board knows
14 and doesn't know, that you wouldn't have been aware of this level
15 of slippage?

16 ALLIANCE: No. Because the idea was you spend the money and bring the
17 schemes on and then they give you the capacity, which is a point
18 FirstGroup keeps making, the capacity that you're seeking as well
19 as some of the resilience. But it looks like they're all over the
20 place at the moment. The Programmes Board have made it quite
21 clear in the various meetings, I virtually went to all of them, that
22 although we had to bang on about it for well over a year,
23 eventually they accepted that there are seven paths in many
24 hours and there could be seven in every hour; and indeed there
25 are nine in some hours, but otherwise you would not have got that
26 capacity report in December which said that probably there is
27 capacity for eight. Despite what was said at the beginning, we
28 have moved so far away from that with the letter that's come out
29 here. I'm back to where David is as well, it's six years away
30 potentially. It's critical for eight paths, according to this here.
31 So I'm just lost...

32 ORR: ...critical for seven, I think.

33 ALLIANCE: But it's not and that's back to an issue whereby if it's critical for
34 seven but actually it isn't, then how can we believe it's also critical
35 for eight? They've said there's a lot of analysis still to do. Back
36 to Chris' point as well, you just go on and on. Let's not forget way
37 back, and I am going way back, I've been around that long...

38 ORR: ...is this relevant?

39 ALLIANCE: It is. (*Laughter*) It comes back to Chris's point, when Grand
40 Central were seeking to get on the network, Network Rail could
41 not accommodate more than one train per day over the next three

1 years to allow Grand Central to introduce three services when
2 there were about 130 trains. Within two years, not only was
3 Grand Central operating all three every day but also GNER then
4 introduced another six. So we're back to what do we believe?
5 That's the real issue.

6 ORR: Okay, thank you. VTEC

7 VTEC: I'd just like clarification that I've read this table correctly. We are
8 in GRIP 2 stage, we know the dates are going to change, Network
9 Rail has been clear on that, but we are not going to know that until
10 August 2016 whether the dates are going to change. So we won't
11 know until August 2016 when we can increase capacity on the
12 East Coast Main Line to seven or eight paths.

13 NETWORK RAIL: We'll have more detail about when the individual schemes will be
14 delivered as we move through the programme development cycle.
15 The key stage gate is that GRIP 3 stage gate.

16 VTEC: In August 2016?

17 NETWORK RAIL: In August 2016. It doesn't mean we won't know significantly more
18 as we go through the process, we will. But the key date that
19 we've shown, we're asked to show the regulator milestone is the
20 GRIP 3 date.

21 THE CHAIR: Any other points on this table? Okay.

22 FIRSTGROUP: Sorry, one last point is just to pick up on one of the schemes we
23 talked about earlier. I don't recall, I may be wrong or I've missed
24 it somewhere, but King's Cross isn't in this list but it had been
25 talked about earlier as being needed. So is it needed or is it not
26 needed?

27 VTEC: I thought we said it wasn't needed.

28 NETWORK RAIL: We did.

29 FIRSTGROUP: But it's not on the list.

30 THE CHAIR: We did. I think you're right, so I think it should be on the list.

31 VTEC: Although obviously that's a new point because it was never
32 needed before.

33 ORR: No, but given everyone's current view, it should be added to the
34 list.

35 THE CHAIR: If it all fits together, that should be the case, yes.

1 ORR: Has anyone else identified anything else that they think is missing
2 from the detail of these tables or that we haven't touched on
3 which is important to discuss?

4 ALLIANCE: Can I just go back to the point about the CP4 schemes which
5 deliver capacity....

6 ORR: ... is this going to be the same point we've had before?

7 ALLIANCE: I'm just stating that it would be helpful if they were on that list
8 because they do deliver capacity.

9 THE CHAIR: This is by way of reminder of what schemes have already been
10 done that deliver capacity?

11 ALLIANCE: Yes, but they're not being used so you need to actually tie them in
12 so that you can see what the full scope is. At the minute you've
13 only got schemes that Network Rail is currently delivering, there
14 are a whole host of schemes that delivered extra capacity on the
15 East Coast which still haven't delivered the extra capacity.
16 They've been delivered but they should be tied in here so you get
17 the full benefit of them.

18 THE CHAIR: Okay, noted. Thank you

19 ORR: What we'd like to do last, I think, in this section on capacity is to
20 just look briefly at work specific to the individual applications, we
21 touched on this last June.

22 So on the big topic from June which was the works required to
23 enable tilt, that Alliance wanted to use. People will have seen
24 Network Rail and Alliance have both helpfully clarified what they
25 have and haven't done in that space. Did anyone have any
26 comments or questions on it? We didn't at this stage but if others
27 wish to comment or question it. (*Pause*) No, let's move on then.

28 One thing we thought might be mentioned by Network Rail was
29 the East Leeds Parkway station, a new station. We thought that
30 might be work needed to deliver one of the applications, Alliance's
31 Yorkshire application. Could Network Rail perhaps say a little bit
32 about what the current position is on East Leeds Parkway please?

33 NETWORK RAIL: The position with East Leeds Parkway is that it is currently a
34 scheme that we are in discussion with Leeds City region as part of
35 their local transport deal around potentially delivering a new
36 station to unlock housing growth to the east of Leeds. We are
37 aware of offers to further enhance that scheme, should it come
38 forward as part of [inaudible].

1 ORR: Okay. I'll just give Alliance an opportunity as the key interested
2 party, to add anything.

3 ALLIANCE: Unlike tilt, this is a little bit easier, the East Leeds Parkway. There
4 are schemes costed up although they need to be brought up to
5 speed for changes at Micklefield. Our preference, as you
6 probably know, from a commercial point of view, would be to put
7 the station nearer to Leeds at Thorpe Park. Having said that,
8 further analysis by ourselves, and I'm sure Network Rail would
9 agree, if we move the current Micklefield station to the site of
10 Peckfield and rebuild it there as a parkway, we'd also unlock, we
11 believe, at least one extra path which would be useful to Virgin as
12 well for their services coming in by Hambleton and also for our
13 services going into West Yorkshire which would allow speed up
14 the junction margins as well. Now Chris would have been able to
15 give you better chapter and verse on that.

16 Leeds City region, for those that don't know, is massive and
17 includes places like York, there's loads of places in Leeds City
18 region. The city itself would prefer to see a new station at Thorpe
19 Park but I think being pragmatic and realistic, and we need to
20 have further discussions now with Network Rail now we're sort of
21 open to a position on this one, Micklefield seems to be the site
22 that will create the opportunities for some release of capacity.
23 Bearing in mind there's a scheme already drawn up, a number of
24 schemes for that location, then it shouldn't be too difficult to
25 progress the plan.

26 ORR: Thanks. It might be helpful to add this in the table somewhere in
27 some form, along with the King's Cross remodelling I think, just for
28 completeness.

29 The last thing we wanted to check on in this table was in relation
30 to an issue Network Rail had raised about the Cleethorpes end of
31 the Alliance proposal and issues and potential issues, I think, with
32 freight at Wrawby Junction. You mention it in the letter, you don't
33 mention freight at Wrawby but you do mention that you think that
34 Cleethorpes service is okay from the capacity point of view and
35 you mention I think running an alternate hours with the Barton and
36 Humber service. Does this mean that the freight concern at
37 Wrawby has gone away or is that still an issue for you?

38 NETWORK RAIL: It doesn't mean that there's not a concern, it just means there's a
39 detailed timetabling piece to do about how everything fits
40 together. Now I hear what everybody said about the difference
41 between capacity and timetabling, there will be a detailed piece
42 for us to do to find the timetable that works with that.

1 ORR: Okay, but you have a plan that you think addresses the issue that
2 was previously characterised in terms of the freight concern
3 around Wrawby?

4 VTEC: There is still a concern that there would be a process for working
5 through it.

6 ORR: Okay, I think I understand that. Right, they were the only
7 clarifications we wanted on specific projects. Did anyone else
8 have any points?

9 VTEC: Just picking up about the East Leeds Parkway. I think in terms of
10 adding it to the table is a good idea. Also it sounds to me like
11 there's a lot of work still to be done on that and I just wonder
12 whether, just from one of the previous points, just the setting out
13 actually of how much time it might take to get the project to
14 GRIP 3.

15 NETWORK RAIL: I guess I need to be very clear around the piece of railway that is
16 impacted by the TransPennine upgrade piece. There was an
17 announcement two weeks ago now about some work that would
18 be done on the TransPennine upgrade which included both
19 electrification and journey time and a journey time piece. It said
20 that that would involve detailed development work concluding in
21 2017. This piece of railway is part of that piece of railway.

22 ORR: Thank you.

23 THE CHAIR: Okay. Can I just take stock at this point because we we'll move
24 on to performance shortly. I just want to check with our team that
25 this ends our questions on the capacity element of the work. So
26 we've got no more questions to raise on capacity so, other things
27 being equal, we would now take a 10 to 15 minute break and then
28 we'll come back and talk about performance but I want to make
29 sure that we don't do that if there's any remaining issues that
30 other people have on capacity. I think it would be useful to have a
31 clear break between the two so I now want to check with each
32 group of people that there's no further questions on capacity
33 issues so that we have time to do it.

34 VTEC: Sorry, there's just one more point we had on tilt. Based on the
35 work that we did in the bid, we concluded that the investment in
36 the infrastructure required for the 10 to 12 minutes of journey time
37 benefits of tilt versus IEP was significantly higher than the £50m
38 quoted by Alliance. The proposal for a feasibility study to fully
39 understand the journey time benefits and costs of infrastructure
40 works required to achieve them is clearly necessary, in our view,
41 before ORR can make a safe decision in favour of tilt.

1 THE CHAIR: You're asking us whether we believe Alliance needs to do that
2 piece of work before we can take a decision?

3 VTEC: Yes.

4 THE CHAIR: We certainly intend to have further discussions with Alliance about
5 the work because it's clear from the response that that study has
6 not been done and therefore we do not have a robust piece of
7 work which gives clearly defined scope of work and costs and
8 things like deliverability type analysis. That piece of work is not
9 there. So we will be having a discussion with Alliance about that.

10 ALLIANCE: I think to come in on our part, as you can see there are real issues
11 about the quality of the output of work from Network Rail and
12 although in that first letter it's suggested that we'd said in April
13 2014, which was correct, that we would undertake that study, it
14 was based around the power supply issues because we clearly
15 aren't going to spend six figures, because it's well into six figures,
16 if suddenly we find out that there's no capacity anyway for
17 whatever we do. It would appear, from what I'm looking at today,
18 we've got until 2021 to get something done. Without trying to be
19 flippant, yes we do want to do that work but it's quite clear that
20 any decisions and I know this was a question you asked because
21 we mentioned the longstop date and maybe it's – I've mentioned it
22 on occasions when we've spoken, not necessarily to yourself,
23 John, that any approvals that we might get based upon the
24 introduction of the tilt will have a longstop date if we haven't done
25 and introduced it. The issue for us is, unlike previous
26 applications, it doesn't really delay anybody, VTEC's trains are
27 being built anyway, they're going to be utilised whatever.
28 FirstGroup's train will fall on the back or run through an order with
29 Hitachi as indeed will our West Yorkshire services. So while we
30 talk about West Yorkshire, it's worth remembering that as well.
31 They also fit in with the timetable so it's very fortunate for us and
32 West Yorkshire. That bit tends to be forgotten, our West
33 Yorkshire application because everybody's so excited about
34 getting to Edinburgh in 3 hours 43, which is good. But the work
35 that VTEC did on timing, we are surprised at the times, I know
36 VTEC hasn't shared them with us but Interfleet looked at the work
37 that Alstom had done and Network Rail, bar a couple of minutes,
38 sort of suggested it was probably right as well. I would be
39 interested to know how much your figures were so maybe you'll
40 put them into the domain. We think our figures are reasonable
41 based on what we believe needs to be done but we've still got our
42 further work.

43 FIRSTGROUP: The only comment is that obviously our headline points are set
44 out in our letter of response that we sent last Friday but there's
45 some further detail to come from Network Rail and we would wish,
46 as will the other stakeholders I guess, to have a look at that and

1 come back on that when it's received. Just a plea also to have it
2 ready as soon as it can sensibly be done.

3 THE CHAIR: Yes. Just going back to the earlier discussion, we do need to sit
4 down with Network Rail and agree the scope of that work, when it
5 can be done by and indeed, just for clarity. Yes, given the scale
6 of the issues that have been raised, then people are going to have
7 to have the opportunity or will have the opportunity to come back
8 on that, absolutely.

9 ALLIANCE: Just on the list again, ETCS is missing as well from this and it's
10 just factoring that in because that narrows...

11 THE CHAIR: ...I think you raised this in your letter, yes.

12 ALLIANCE: Yes. Stating that it delivers capacity and performance benefits.

13 ALLIANCE: Particularly as it could potentially be delivered before four
14 tracking.

15 THE CHAIR: Okay, thank you. Any other points on capacity? (*Pause*) Right, if
16 not, at this point I suggest we have a 15 minute break and I mean
17 15 minutes in the sense that we're all back here sat down by
18 11:20 rather than mingling around for 15 minutes! There is now
19 tea and coffee at the back. So thank you and let's regroup at
20 11.20.

21

22 **(The meeting was adjourned from 11.05 a.m. until 11.21 a.m.)**

23

24 THE CHAIR: Thank you. Now we're going to move on to performance, and the
25 same format. We've got some questions we'd like to kick off with.
26 I'm going to hand over then to Rob.

27 ORR: We've discussed performance quite a lot at the last session and in
28 correspondence – bilateral meetings with everyone since the
29 meeting in June. I think everyone agrees that performance is
30 important and needs to be thought about carefully. There are
31 however quite different views around the table on the need to
32 model performance ahead of us making any access decisions.

33 We've set out before, our view that detailed modelling wasn't
34 necessary for our purposes, but we would, as you'd expect,
35 welcome and look at any further timely analysis that could be
36 done that would add to what we have on the table from Network
37 Rail in terms of performance analysis.

1 So, in light of those previous discussions, Network Rail convened
2 a meeting of experts in York. We were represented by Chris
3 Howard from our Operations team at that session. Our
4 understanding is that it hasn't really led to any better or deeper
5 understanding, or a better view than what Network Rail has
6 already put on the table about performance risks. So really our
7 first question in this area was just to check if anyone disagreed
8 with that summary of the meeting and wished to highlight any new
9 information they think came out of it?

10 FIRSTGROUP: I'd just like to say that I think what was useful at the meeting was
11 to get a bit more detail from Network Rail as to how they had
12 actually conducted that analysis. It was still not completely
13 transparent to us in terms of some the assumptions, and we did
14 follow up the meeting with a detailed assessment of where we
15 think there are some weaknesses in Network Rail's analysis and
16 areas that we would suggest would need to be addressed to
17 improve it.

18 The key area for us was around the use of the TPE May 14
19 timetable change which the analysis was heavily based on that.
20 Now, the analysis was done for the December 14 report, and I
21 think it's well known in the industry there were some specific
22 issues with the TPE timetable that were corrected due to crew
23 and stock diagrams in December 14.

24 So what we said to Network Rail is they really need to update that
25 analysis to use the latest data from TPE, where performance has
26 recovered in the last nine periods and is now at or above levels
27 before the change.

28 I think the other significant points we made were that that are
29 some differences between the TPE network and East Coast. East
30 Coast is a much more resilient network. We pointed out in a
31 number of our letters that reactionary to primary delay is much
32 better on East Coast and VTEC is I think leading the intercity
33 sector in that area.

34 So that needs to be reflected in using that case study. Also the
35 TPE timetable took away some additional resilience from that due
36 to extended dwell times, which wasn't factored in and that is a
37 difference between the two cases that's not planned for East
38 Coast. That wasn't reflected in Network Rail's analysis. So there
39 are a number of areas where we felt they hadn't responded on
40 those particular comments.

41 THE CHAIR: Thank you.

42 VTEC: We found the workshop very useful. I think there was difference
43 of opinions between the interpretation of the impact of the TPE

1 5th path, initially and the level of recovery seen today. We can go
2 into the detail but we were very certainly supportive of the
3 analysis that the Network Rail team did to support plan, with
4 particular interest in the impact that the increased paths had on
5 performance, the 1.8 to 2 per cent.

6 However, that workshop was based on a number of assumptions
7 and one of those assumptions was that all of the CP5 work would
8 be completed as planned, and obviously since that point a
9 number of those assumptions are no longer relevant. So we just
10 need to baseline that again if we're still to have that discussion on
11 performance.

12 THE CHAIR: Anybody else?

13 FIRSTGROUP: One other thing that was discussed at the session in York was the
14 performance targets that were in the VTEC franchise agreement
15 and agreed between VTEC and the Department for Transport.
16 And they show a rising forecast performance with a rising
17 quantum of trains on the route. So I think the franchise
18 agreement contains commitment to deliver 89.6% PPM in 2021
19 and 90 per cent PPM in the period beyond that, based on an
20 expansion of services up to seven and a half trains an hour.

21 So the observation that we made in the workshop is that those
22 targets, which are no doubt underpinned by a huge amount of
23 analysis that VTEC shared with the Department of Transport
24 appear inconsistent with the assessment that Network Rail is
25 making regarding an expansion of service.

26 ORR: Well, that's a neat Segway into the second of the three issues that
27 we wanted to raise here. VTEC, in the letter of 30 September
28 explained to us that you're committed to – I think it was a two per
29 cent increase in PPM over a couple of years whilst increasing
30 your service frequency up to six and a half trains an hour, making,
31 seven and a half LDHS services per hour in total.

32 You seem to be saying that seven and a half is fine and
33 consistent with better performance provided it's you delivering the
34 seven and a half, and if it isn't there's a problem that needs
35 analysis. Or, if you provide the seven and a half that's fine but an
36 additional half creates a big performance problem that needs
37 analysis. Is that an accurate summary of your position?

38 VTEC: Could you just say that again?

39 ORR: You seem to be saying, in your letter to us, that you've done a lot
40 of work on performance and thinking about how you're going to
41 improve things, and you are committed to improving performance
42 by 2% PPM. You've got a number of initiatives in mind to deliver

1 that and that you're satisfied that's consistent with you running
2 extra trains, which takes – assuming no other operators – no
3 other new open access, that would be a total of seven and a half
4 LDHS services per hour on the route.

5 VTEC: Yes.

6 ORR: So you're saying seven and a half paths run by you and the
7 existing open access is consistent with a two per cent increase in
8 PPM –

9 VTEC: - yes -

10 ORR: – and there's no further detailed modelling required for anybody
11 to be happy with that. But an additional half by anybody creates
12 significant PPM problems which need modelling, or indeed if you
13 don't get your seven and a half and somebody else runs
14 something, that also creates a big problem. That seems what
15 you're saying. Certainly you've argued that there needs to be a
16 lot of detailed analysis done, ideally, of other people's proposals
17 to run. Is that clearer? It's a consistency question really.

18 VTEC: I think – we've got to understand that as you develop any
19 timetable– a prerequisite in developing a timetable is to do
20 performance modelling, and we would want to do further
21 performance modelling of our timetable proposal that's in our
22 franchise between now and the point of introduction, to ensure
23 that the performance projections that we've made and that were
24 made in the bid continue to be deliverable as we mesh our
25 timetable with the other services that are on the route and the
26 infrastructure state in which we find it at the time.

27 That's the approach that we have taken in our other rail business
28 to similar major recasts. So we're not saying that further
29 performance modelling isn't more so appropriate for the six and a
30 half TPH timetable that we put in our bid.

31 But you must understand that the timetable that we've prepared –
32 and our franchise agreement is based around – was a proper
33 structural recast of the East Coast Main Line timetable, making
34 provision for the services of other operators, including the current
35 open access services.

36 And that approach, a structural recast, has elsewhere been
37 proved to generate performance improvement whilst running and
38 accommodating extra services.

39 What I think we're cautioning against and we're very concerned
40 about is access being granted for additional services that are just
41 simply squeezed in to the base timetable in a non-structured way.

1 But It goes back to the conversation we had at the first hearing
2 about FirstGroup's proposal to loop its service at Darlington.
3 Moves like that are inherently risky in performance terms, and it's
4 those things where performance modelling can put in a huge
5 amount just to validate whether we can deliver the performance
6 improvement that we're all working towards, alongside the extra
7 services.

8 **ORR:** All right. The hand up over there.

9 **ALLIANCE:** I think where we can all agree is that whatever rights are granted
10 coming out of this process, that the timetable will need to be
11 restructured taking account of those rights and integrating the
12 long distance, high speed services with all the other services en
13 route. I think everyone can agree about that.

14 Clearly VTEC are happy that when that process goes ahead with
15 their proposed services then while further performance modelling
16 will be needed in due course it will all work out okay in the end.
17 Well, why would that not be the case with a sensible, industry
18 wide approach with a different mix of rights granted? I don't see
19 the difference, really, provided everyone works together to get a
20 sensible final solution.

21 **THE CHAIR:** I'm trying to work through what it is that I still can't quite pin down
22 about this, and it's probably connected to that point. Because it is
23 this question about what we know now. So everyone has said
24 more work will have to be done in the future. Indeed, that would
25 always be the case under whoever gets which rights.

26 But you're saying that you've done a piece of analysis on what
27 you know now and that's led you to a certain point in terms of
28 what you think could be achieved, and obviously you will continue
29 to refine that over time; but nevertheless extra services can be put
30 on and performance can be improved.

31 But there's something in the nature of other people's proposals,
32 given what we know now – and before all the really detailed
33 analysis has been done – that causes you to see them as being
34 more risk around the likely impact on performance. And therefore
35 that the other parties could do further analysis now based on what
36 they know, and that would shed some light around the nature of
37 that risk?

38 **VTEC:** I don't think it's necessarily about further analysis that the other
39 parties can do. I think this is a matter for Network Rail to do the
40 analysis.

41 **THE CHAIR:** - or analysis could be done, yes, ok.

1 VTEC: Analysis could be done. And it sounds to me like you're almost
2 regarding these things as substitutes, whereas I think one of the
3 issues that – matters that you're considering is if you take our
4 services, can you then accommodate the other services in
5 addition to those services? That's where we're say that at a point
6 you inject real stress into the network– as was the case in TPE –
7 that can cause real fundamental deterioration in performance.

8 And that's what I'm thinking we do need to test before somebody
9 takes a position and we find out 'Hang on, we've oversold
10 capacity and performance is catastrophic as a result.'

11 FIRSTGROUP: Can I just jump in on that? So we did some analysis we shared in
12 our first letter on performance, using the industry standard metric
13 for capacity, which is CUI. And what we demonstrated is that
14 overlaying on VTEC's standard two hour timetable, if we put our
15 half in the hour when there are six VTEC paths, that actually it
16 would have a comparable level of CUI as the opposite hour when
17 there would be seven proposed by VTEC. So that would suggest
18 that our path could be overlaid and deliver the same performance.

19 THE CHAIR: Okay. Thank you.

20 ALLIANCE: Just a couple of little bits. The original output for Network Rail
21 was very specific - you know - specific figures from a very
22 unspecific report initially, and Rob's question to VTEC was very
23 particular, and VTEC did a very good job of not answering it.

24 It clearly is – and we mentioned it at the hearing itself - if there are
25 seven and a half or if there are eight VTEC services, everyone
26 else has to fit in. Now, that's not right either. Grand Central, for
27 example, has been shuffled about to make VTEC's timetable sort
28 of work, and they've got ten year rights and I know they become
29 quantum very soon but that's not the issue.

30 But the fact is we're all going to be using high quality kit, some of
31 it almost identical, some of it well versed now – West Coast
32 services – and so the issue about whether or not it's VTEC
33 running those services, or whether it's FirstGroup or whether it's
34 Alliance is not relevant, and so any performance analysis that's
35 being done does not need to be done on specific operators in the
36 expectation that that those specific operators themselves would
37 cause an issue.

38 But I do have a little concern that we still talk about others fitting
39 in. That's always been an issue. And if we take, for example –
40 and Shaun will remember this – TT494, the timetable dispute
41 where we challenged the 1608 Newark. And we won that
42 argument, and that was removed and was meant to be replaced
43 by a 1608 Bradford but then we got together, as the industry

1 always does, and squeezed in, as David would say, a 1603
2 Bradford service to allow the 1609 Leeds to continue to operate.

3 That is one of, if not the best performing long distance train on the
4 route. And if you recall, I think it was 18 months, two years ago,
5 West Coast did some work on performance in relation to coming
6 off the peak. Why was it in peak performance, starting to drop off
7 just as evening peak finished?

8 And they found it was focus. You know, people just relax a little
9 bit because we're off the peak. And indeed this argument was
10 made again in 2005; performance would fall off a cliff. But it
11 hasn't and you've got almost a third more services running now.
12 Well, more than a third more services than you had all that time
13 ago.

14 So I've sort of rambled on a little bit, but the issue about who
15 operates these trains is not relevant to the performance impact.

16 ORR: Thank you. I think we'd just like to bring DFT in at this point, and
17 to ask if you can just say a few words about how satisfied DFT is
18 about the VTEC proposal to increase services and increase
19 performance simultaneously.

20 ORR: When we did the evaluation of the bids, we did have modelling
21 analysis from VTEC and the other bidders. I think having done
22 the evaluation and interrogation we were happy that the
23 proposition was robust, and robust enough to take forward. So
24 we have seen enough through the evaluation process to satisfy
25 us. Clearly, as has been said, that will continue to be developed
26 up to the point of implementation whatever gets implemented.

27 I think there are two further points I'd make. The first is that to the
28 extent that there might, in practice, prove to be issues over what
29 the VTEC proposition was delivering, and were any significant
30 performance issues to arise then, there is always the opportunity
31 for us to have a discussion with the franchisee about tweaking the
32 spec in order to fix such problems. And that's a solution that
33 wouldn't be open to us in the event of other operators.

34 Clearly there's scope for cross industry discussion to fix
35 performance issues, but from our point of view, there was a
36 concern we might have less certainty over the outcome. In terms
37 of the VTEC proposition we'd seen enough to be happy that it was
38 something we could go on with.

39 The other point I'd make here is that capacity for us is the more
40 important issue around the table. Performance is significantly
41 important and we certainly don't want to see it fall off in terms of

1 the impact on passengers. But in terms of the risks we're facing it
2 doesn't feel like the biggest one.

3 THE CHAIR: Okay. Thank you.

4 FIRSTGROUP: Sorry, can I just come back on one point that DfT was making?
5 And that is that quantum rights offer very strong control for
6 performance, in the design of the timetable and the subsequent
7 implementation of the timetable. So if rights were awarded on a
8 quantum basis, that does provide Network Rail with very strong
9 leverage to amend the timetable were there to be any unforeseen
10 performance issues identified.

11 THE CHAIR: Okay. Thank you.

12 ORR: The last area on performance we wanted to touch on was the
13 point that FirstGroup mentioned earlier and have been in your last
14 two letters on this. You've mentioned various analyses, but the
15 one that caught our eye was the graph showing how busier hours
16 seemed to be associated with less delay. Any comments from
17 anyone else in the room about that analysis? Did anyone else
18 find it persuasive or did anything think –

19 ALLIANCE: Well, that sort of backs up the work that Network Rail did on the
20 West Coast Main Line in the peak - because everyone's a bit
21 more focused things tend to sync up better. So, you know, there
22 is no correlation between more trains and poor performance. It is
23 not a given that that will be the case, particularly as all the
24 operators are proposing brand new trains as well.

25 So you would expect performance to improve, for everybody to be
26 a little bit more focused. VTEC obviously have contracted to
27 deliver a high level of performance, be it six paths, which is the
28 contract, or an extra half a path, which could go to somebody else
29 and obviously not make an issue of performance even though we
30 think there's eight paths. So we'd support that and it is clearly
31 borne out by what Network Rail has done.

32 ORR: Thank you. Any other comments?

33 VTEC: I think from my reading of the FirstGroup analysis it appears to
34 suggest that the busier we get the better performance becomes.
35 And I don't think I've ever seen any industry analysis or anything
36 that supported such a thing. Quite the contrary. I think the
37 examples that we've talked through – and there's a number of
38 examples industry wide that suggest the more trains you have the
39 more difficult it is to recover when things go wrong.

40 So I would welcome understanding how the analysis has drawn
41 the conclusion that busier means less delay.

1 FIRSTGROUP: Well, the data was taken from Network Rail data that's available
2 from transparency data. I think it's probably worth commenting
3 that in some of the hours where there were fewer long distance
4 paths there were obviously more commuter services, so that
5 potentially is why it's more constrained in the peak.

6 VTEC: So it's not right?

7 FIRSTGROUP: But at a high quantum of service it's operating reliably.

8 VTEC: And we're not operating in isolation. I think that was one of the
9 points that was drawn out earlier. We're not just operating in
10 isolation. There's lots of interfaces that cause humps along the
11 route, and certainly one of the discussions at the workshop which
12 lay slightly uncomfortably with me was that we were trying to form
13 a view simply about the East Coast Main Line. We haven't
14 ventured to talk about the key interfaces, particularly with TSGN,
15 and the flow that has into the south part of Central London, as
16 well as [inaudible] and not to mention Scotland. So it's very
17 difficult to make any conclusions from this in simple isolation.

18 FIRSTGROUP: I think it is – just back to the point I made earlier about the
19 reactionary to primary delay, VTEC is the leading intercity
20 operator so you are obviously operating a very robust service at
21 the moment. Also, if we look at the level of PPM failures for the
22 length of train that you run, again you are well ahead of typical
23 intercity performance. So the route is performing at a good level,
24 and in some sense if we can't add additional paths where
25 performance is so good where can we potentially look at?

26 VTEC: And I think one of the many reasons for that is the flexibility that
27 we have in our operation, because with the number of trains that
28 we run we are able to recover the situation far more easily, and
29 certainly one of our concerns is that the more players that you
30 have in a situation the more complex the solution becomes.
31 That's one of the reasons why we would see that other operations
32 will have an added complexity which will ultimately run through in
33 terms of performance.

34 FIRSTGROUP: Just to come back - the second leading operator is Hull Trains, so
35 there's an open access operator who is able to operate reliably on
36 the East Coast.

37 THE CHAIR: Okay. Any...

38 ALLIANCE: It was just a quick one. I think Richard's point is the fact about
39 behaviours. In the peak, services run better probably because
40 people are more focused. Yes, there's less opportunity to
41 recover, but the argument is you work better so therefore there
42 are less issues, so less necessity to recover.

1 Unfortunately Warrick keeps trotting out the same line – you
2 know, ‘There’s more than one operator so therefore it becomes a
3 problem’ You know, GC run nine trains a day on the route. Hull
4 runs seven. They all perform – you know, there’s that much
5 between them. They work together, as the industry always does,
6 and as you expect the industry to when issues arise.

7 So it’s data. It’s Network Rail data and it’s behaviours, and we
8 need to get the behaviours slightly better maybe in the off peak,
9 as they’ve identified on the West Coast, as well as in the peak.

10 THE CHAIR: Okay. Thank you. Any other points on that?

11 VTEC: Just one last point. I think in a way we are agreeing in a number
12 of aspects of the performance discussion. Where our approach is
13 slightly different is that we would much rather go into it with an
14 open understanding of the consequences rather than what I think
15 is being proposed, which is ‘We’ll sort it out on the day, lads.’ And
16 I think that we’ve seen that that approach in the past – and it’s
17 taken the industry a long, long time to pull itself back from that, so
18 – and I think we are all minded that the performance questions
19 needs to be addressed. It’s a timing issue about whether we
20 should do something upfront to help us understand what control
21 measures are available and appropriate versus trying to work it
22 out once you’ve actually got to that point.

23 THE CHAIR: I think that goes back to my earlier point about needs to be known
24 now differently, before different operators, and I’m not sure we did
25 actually identify anything under that discussion. So in terms of
26 what needs to be sorted out now and in terms of what need to be
27 sorted out later, that’s the issue I was trying to get to when we
28 were discussing this about 15 minutes ago, because you’ve done
29 a piece of analysis which says, on the basis of current information
30 there isn’t a problem between an increase in service levels and
31 increasing performance.

32 And the question was, ‘Well, what if another operator was running
33 those services; why would we think that there was a problem for
34 them and not for you?’ Which would seem to be the indication
35 that I thought I was taking from the earlier comments that you’ve
36 made.

37 But I think we’ve gotten to the point where you’re not saying that.
38 You’re not saying that if another operator is running their services
39 there’d be any different problem from the one facing VTEC.

40 FIRSTGROUP: I think that’s a key point, because it is back to some of the things
41 we’ve talked about before. So when you have the capacity
42 allocated and the rights are allocated you go through a process
43 with an ESG to design a timetable, and because of the way that

1 process works that gives you time to understand the impact of
2 different solutions for the rights that have been allocated, to
3 design the timetable.

4 So you can do the modelling at that point to decide whether one
5 train calls somewhere, whether it has pathing time in it, what the
6 allocation is, what the junction times are. You can do all of that
7 work, and that's back to the point you're saying, is you can do that
8 once you've allocated the capacity.

9 And I think as you've said, there's nothing more that we're going
10 to gain from one operator or another having paths allocated to it
11 that's going to change anything in terms of being able to make
12 that decision on a performance basis.

13 ALLIANCE: Just to add slightly to what FirstGroup has said. Of course, if
14 you've got more than one operator the flexibility of flighting
15 becomes a lot more available to Network Rail than it would do if
16 there's only one operator, because as we found with the Bradford,
17 for example the 1603 and 1600. It doesn't matter if two Edinburgh
18 trains go out three minutes apart if they're separate operators. It
19 would be an issue for one operator I'm sure.

20 So buying that flexibility as well also does have an impact on
21 performance. As we've seen – and I'm sure if Richard had a look
22 at the Bradford train it was squeezed in at a place where Network
23 Rail said there was no capacity, in the peak.

24 FIRSTGROUP: Looking at these performance issues also in terms of what the
25 submission might be in legal terms, if it was to be said effectively
26 that there was a weighting presumption in favour of an incumbent
27 franchise operator over and above their core commitment, which
28 is effectively an additional decision factor effectively beyond the
29 section 4 duties, that as a proposition I think you would want to
30 take issue with.

31 So the point about equality as between operators plays out in
32 performance terms. It also plays out in the weighing up of
33 competing applications that you have to do. I don't think there is
34 an implicit submission that there's a legal weighting in favour of
35 the incumbent, but if that was being implied, we would say that
36 that would be wrong.

37 THE CHAIR: Thank you.

38 ORR: I only had one other point to clarify. I think, Richard, you made
39 the suggestion at the workshop that Network Rail could update its
40 analysis based on TPE issues to reflect what had subsequently
41 happened, and a few other things to do with infrastructure
42 perhaps. Was it agreed that that would happen or not?

1 FIRSTGROUP: I think what they said is they would go away and think about it,
2 and when I spoke to them they said they weren't planning to
3 change their assessment, and that was what was produced in the
4 letter [inaudible].

5 ORR: So just for clarity, Network Rail isn't doing that work. I suppose if
6 somebody – if we felt it was necessary we could ask for it. But at
7 the moment it's nothing.

8 FIRSTGROUP: Correct.

9 ORR: Okay. That's fine. Thank you. I think that's the end of our
10 performance issues.

11 THE CHAIR: Right. Let me just pause again at this point then. We've got no
12 more questions on performance issues, therefore, from our point
13 of view, there's nothing more to cover at this session. I just
14 wanted to spend a few minutes to discuss the next steps. But are
15 there any other issues anybody has got on performance that you
16 want to raise now?

17 No? Okay. In that case I think we've finished in terms of where
18 we wanted to get to today in terms of discussing capacity and
19 performance. I wanted to go back on just a couple of points,
20 because Alliance asked at the start about Grand Central and Hull
21 Trains, and that links to a point I wanted to make about just some
22 meetings we're having outside this session.

23 From our point of view we thought it important that that we got the
24 applicants here today with DFT and Network Rail, and we didn't
25 make it any wider. We have a session on Friday with the freight
26 operators, where we're going to be talking through some similar
27 issues with them, and we did say at the first hearing that we'd be
28 keeping in close touch with freight.

29 And we will be having some further meetings with Grand Central
30 and Hull Trains to pick up on some specific points. So those
31 things will continue outside this meeting and I think, personally,
32 that's the best way of doing it at the moment or all these sessions
33 become very, very big indeed.

34 VTEC: Are those meetings being transcribed too?

35 THE CHAIR: They're not transcribed in the way that this is, no. The only two
36 sessions where we've had formal transcripts are these. So if
37 there are any issues coming out of them we would expect to pick
38 them up in our letters that we put out to the industry. So we would
39 raise that an issue had come out of our discussion with freight,
40 which we now thought needed to be followed up, and we'd put
41 that out – as we normally do, on our website.

1 If it just becomes a session of exchanging information and
2 updating then I don't think there's any necessary need to do that,
3 but we are mindful of that. So that's just to say that these
4 discussions do happen outside this session.

5 One of the things that came out of this session is that we need to
6 sit down with Network Rail and agree the further work that needs
7 doing to clarify a number of the points. I won't go back over them
8 again today, but we do need to do that. We need to agree the
9 scope of that, we need to agree the timing of that work, and we
10 then need to agree what a reasonable period of time is for people
11 to come back and have comments on that. But I'm very keen to
12 get the scope of that right from the start, so we will have a
13 discussion with Network Rail very shortly after this meeting to
14 agree that.

15 Then we've got the next leg of work, which is the upcoming
16 updates on the CH2M Hill analysis which was sent out a while
17 back, where we've got some dates in the diary for the circulation
18 of the methodology and inputs, the report and getting comments
19 back on them, and then a meeting on 4 November. And after
20 that, the circulation of the full draft of the CH2M Hill report,
21 comments, and then a further meeting on 1 December.

22 So we're going to continue with that, as we said we would. And
23 meanwhile we will do what we've done to date, which is continue
24 to keep the timetable for this work under review. So we've got a
25 base timetable. We'll continue to review that and revisit it as
26 necessary, and if there's any need to change that timetable we'll
27 let people know, or indeed we may well put out some options for
28 possible changes to the timetable. So we'll keep that under
29 review and any changes will be made publicly following any
30 discussion with the parties.

31 That was all I had to say. So I'm going to pause for a couple of
32 seconds now to see if anybody had any closing points,
33 observations or comments they wanted to make, and if they
34 haven't I'm going to thank everybody and close the meeting. Is
35 there anything else that anybody wants to say at this stage?

36 VTEC: Just a point of clarification with the scope of the next steps with
37 the Network Rail piece of work. Will that address all the
38 comments that the applicants have made on the matters
39 discussed today and in correspondence prior to today.

40 THE CHAIR: Yes. So, going back to the early discussion. One of the core
41 submissions within that is that applicants have made a set of
42 detailed points that should all be wrapped up in that one piece of
43 consolidated work so we don't lose them or get confused by
44 different threads of work.

1 ALLIANCE: Can I just ask about the scope as well of the base timetable
2 you've mentioned? How do you envisage that going ahead?
3 Because you've got a set of applications – it's just to understand
4 how that might go ahead with Network Rail. It's not going to take
5 the existing base, is it, the current timetable?

6 THE CHAIR: So when I'm talking about the timetable I'm talking about the
7 timetable to get to a point where we have all of the information.
8 You know, so...

9 J LAZARUS: Our timetable is not the base timetable.

10 THE CHAIR: No, no. I'm –

11 ALLIANCE: That's all right, then.

12 ORR: It's not a rail timetable.

13 THE CHAIR: I'm definitely not working behind the scenes on a timetable I can
14 confirm. No, I think we've got enough on without that. So, we
15 have set out to the industry a timetable for our work: when we
16 thought we'd have all the information, when we thought we'd be in
17 a position potentially to put recommendations to our board, and
18 therefore when the board might be able to make a decision.

19 Now, it may be – we've already had to make one change to that
20 timetable around the CH2M Hill work - after reflection today we
21 might have to make further changes to that timetable. I'm trying
22 to be open with people, really, in terms of where we are. But we
23 will make any changes following discussion with all the parties
24 and then obviously put that in the public domain.

25 In that case can I just say thank you very much to everyone for
26 coming here today. Thanks very much for your positive and
27 helpful contributions in this session. Thank you.

28

29 **(The meeting was concluded at 11.58 a.m.)**