



Merseytravel

P.O. Box 1976
Liverpool L69 3HN
Tel: 0151 227 5181
Fax: 0151 236 2457
mail@merseytravel.gov.uk

Our ref: FR/CMc*

Contact: Frank Rogers

Your ref:

Tel: 0151 330 1101

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Valentina Licata
Office of Rail Regulation
1 Kemble Street
London
WC2B 4AN

Dear Valentina

Periodic Review 2013: Draft Determination of Network Rail's output and funding for 2014-19

Merseytravel appreciates the opportunity made available to comment on the Office of Rail Regulation review of Network Rail's Strategic Business Plan.

The railway network has, in recent years, received considerable investment. In the north of England this has delivered the initial stages of electrification and the Northern Hub infrastructure upgrade. This investment will continue in Control Period 5 with continued electrification of the network and further work undertaken on the Northern Hub. It is important that this work is built upon, however, there are a number of issues which do cause us some concern.

Merseyrail

We continue to be concerned at the exclusion of the Merseyrail network from the High Level Output Specification (HLOS) and the increasing challenge this will present if the network is to develop and continue to perform at a high level and deliver the quality of service required on Merseyside in the future.

The operation of the Merseyrail Concession has proved a great success with Merseyrail regularly delivering exceptional performance both through the public performance measure and through the National Passenger Survey results published each spring and autumn.

However, due to the exclusion of Merseyrail from HLOS we have been informed that the much needed expansion required on the network will not be funded centrally and must be funded at a local level. Merseytravel has serious concerns with this business rationale and it would seem to undermine the case for devolution of rail services across the country if one of the unintended results is that it results in the exclusion from certain elements of central government support. We believe this mechanism should be changed.

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Merseyside Integrated Transport Authority and Passenger Transport Executive



While we would accept that any enhancement to the network, such as a new rail station, should be funded locally we do not agree that that the fundamental improvements required to meet the ever increasing demands on the network should be. We feel it is the responsibility of Network Rail to ensure that the network can cope with the increasing demand placed on it. The Merseyrail network plays an important role in the economy of Merseyside and the wider City Region. Liverpool Central alone deals with approximately 18 million passengers a year and the Liverpool City Region area accounts for 4% of total rail demand in the UK.

For Control Period 5 our specific concerns are with the apparent exclusion of the Liverpool South Parkway turnback. The level of use of Liverpool Central continues to increase and the turnback represents a realistic and constructive option to deal with the potential overcrowding as recognised by Merseytravel, Merseyrail and Network Rail.

Merseytravel and Network Rail have recently undertaken work at Liverpool Central which has improved both the capacity and passenger flow through the station. This work whilst providing an improvement to the capacity of Liverpool Central station will only cater for a limited amount of the likely increased demand in the future. The delivery of the Liverpool South Parkway turnback will significantly increase the capacity of Liverpool Central by allowing trains to operate through to Liverpool South Parkway and turn back there rather than at Liverpool Central thus freeing up platform space.

The turnback is referenced in the London North Western Summary Route Plan as an operator aspiration. The proposed improvement is much more than that and is important to the City Region as a whole in order to deal with the continued economic growth. As referred to above rail plays a key role in the Liverpool City Region economy with over 45 million journeys a year made on rail services within the City Region with Merseyrail catering for 33 million of these journeys. We have been informed that this work will not be funded through HLOS due to the status of Merseyrail as a Concession. This is not an equitable position and we believe that Network Rail should be taking this project forward as part of Control Period 5.

The exclusion of Merseyrail from the HLOS process as it is a Concession appears to be illogical; as more elements of the network are let in this manner it does not seem reasonable that, in effect, a two tier system will develop with those franchises let by the Department for Transport having access to infrastructure funding through Network Rail while those franchises let by parties other than the DfT are excluded.

While this applies to only Merseyrail and London Overground at present the potential devolved Northern franchise could lead to a significant element of the network without access to the capital funding required to develop the network to meet the growing demands on it.

We would also like to take the opportunity to raise the issue of new roiling stock. Merseytravel, working with Merseyrail, is currently engaged in a process which may result in the renewal of the Merseyrail fleet with new units. Network Rail's London North Western Summary Route Plan makes reference to this and on the basis of lack of information elects not to provide a provision within the Strategic Business Plan. We believe a provision should be provided as the current power supply is relatively unreliable and unstable and not capable of meeting the power requirements of modern units.

Northern Hub

The Northern Hub programme represents one of the best examples of Network Rail working with north of England private and public sector parties, as well as industry stakeholders, to develop a portfolio of investments focussed on delivering economic outcomes which will benefit the whole of the north.

We are concerned around that the scale of savings set out by the ORR in the draft determination (and specifically in the Nicholls report), may impact on the scope of works rather than be focused on delivering committed projects more efficiently. Our concern is heightened by the discussions at the Northern Programme Board and Industry Plan Group, which have indicated pressure on the budget of the Oxford Road component, and on the scope of the Hope Valley components, respectively. The Hope Valley components in particular benefit Merseyside, South Yorkshire, the East Midlands and Greater Manchester. We would be re-assured if you would confirm that Network Rail's plans will allow the aspirations set out in the Chancellor's statement in March, 2012, to double the number of fast trains to remain intact. This service aspiration was recently reiterated in a letter from the Rail Minister to Andrew Gwynne MP on 5 July 2013. Needless to say any reduction in scope of the Hope Valley outputs would reduce the economic benefits of the Northern Hub programme and the breadth of support more generally for the capital programme.

We are also specifically concerned that ORR seems to be applying an efficiency overlay to the £130m funds that the Chancellor announced in 2012. It was always our understanding that this amount of money had been earmarked for a series of capacity and line speed interventions, which at that point had not been firmly defined and therefore that the objective was to deliver as much as possible for that amount of money.

We would expect that the Department and Network Rail will bring all discussions on scope to the Northern Programmes Board. Stephen Clark from Rail North represents Merseytravel and all of the Northern PTEs on that Board.

Lime Street

We would also wish to raise the issue of Lime Street station and the proposed re-signalling. This is also listed within the Network Rail's LNW Route Plan as an operator aspiration. Our understanding is that this work will only allow for like for like replacement of the current infrastructure. However, we are concerned that the full benefits of the Northern Hub project and the potential improvements to West Coast service will not be achievable without an upgrade of the signalling infrastructure not just a replacement of its current capability as this will not release the specific operational constraints unique to Lime Street Station rail infrastructure which a signal upgrade by better utilising existing assets which is a key government value for money objective.

While Merseytravel appreciates the aim of the ORR to regulate Network Rail and ensure that it delivers high levels of performance whilst also providing good value for money we are concerned that the delivery of efficiencies, without a full appreciation of their impact, will impact significantly on the capability of the railway to deliver the service required to sustain economic growth. This is becoming an ever greater issue as greater demand is placed on the rail network by passenger and freight operators

Yours sincerely



Frank Rogers
Deputy Chief Executive & Director of Integrated Transport Services