



# Department for Transport

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Dear John

## **ACCESS TO THE EAST COAST MAIN LINE: INDUSTRY HEARING FOLLOW-UP**

1. In your letter of 22 June, following the ORR hearing on 12 June, you invited the Department and the other principal parties to comment further on the extent to which performance modelling ought to be undertaken before access rights are approved.
2. The Department's view, taking account of the evidence given at the hearing, is that the decision on performance modelling needs to take proper account of both the level of uncertainty around the rights which it will be possible to operate, and the scale of the financial, commercial and reputational issues which are at stake in this case.
3. It is far from clear to us, given the scale of the uncertainty and the amounts commercially at stake for the applicants, that they could reasonably be expected to agree to the substantial compromises which might be necessary if the outcomes were left to an Event Steering Group to resolve. In particular, the optimal solution (taking into account performance and connectivity impacts) may be operation of fewer trains in total than Network Rail's capacity analysis shows as being theoretically possible; it would be difficult to agree this through an Event Steering Group process, given that all parties will be seeking to run as much as possible of their proposed service. Moreover, it is essential that the outcome provides a balanced package providing a good mix of services and connectivity for passengers and communities all along the route, not simply a compromise which happens to be operationally workable.
4. We are not suggesting that a fully worked up timetable must be in place and modelled in fine detail before any rights can be granted, and we do recognise the role which an Event Steering Group process can and should play in optimising the detail of the final timetable proposition. However, we take the view that there is currently still too high a level of uncertainty over the quantum and mix of rights that is operable on the East Coast

route to be able safely to allocate those rights. We are also very concerned about the serious financial, commercial and reputational consequences of allocating rights which may prove to be undeliverable in practice.

5. It is also worth emphasising that performance is an important part of the deal for passengers. Over the last 18 months, all three long distance operators on the route have delivered significant improvements in performance and seen improved NRPS scores for punctuality. In an environment where passengers are likely to get more demanding rather than less, and where the pressure in future may be increasingly towards Right Time operation throughout the journey, it would be a retrograde step to put these improvements at risk or into reverse.

6. We strongly believe, therefore, that there would be benefit in working with the parties on a further iteration of a representative sample of potential timetable options, with a view to securing greater understanding of and confidence in their operational feasibility, performance consequences and impact on passengers, before taking a firm decision on rights.

7. In more detail, it is clear from the discussion on 12 June that there are many limitations in the timetable development work so far undertaken by NR which cast doubts over the applicability of the results to the propositions actually being developed by the various applicants, and hence the confidence which can be placed in the results:

- a. NR advised at the hearing that its capacity analysis assumed schemes which will not in practice be delivered during CP5. It was subsequently announced by the Secretary of State on 25 June that Sir Peter Hendy would review the deliverability of Network Rail's CP5 commitments, and advise in the autumn what could be achieved and in what timescale. It is important that capacity and performance analysis take into account the actual capacity that will be available on the route, which at present is unclear.
- b. NR's analysis has only looked at a single standard hour which is assumed to repeat throughout the day, whereas in practice there will be significant variation between peak and off-peak demands, both for long distance and Thameslink services. In addition, a number of the applicants seem likely to favour a timetable based on a two-hour pattern which might enable a significantly different mix of services, whether in terms of stopping patterns and/or destinations. On the other hand, there are indications from VTEC's evidence that performance is already worse in the hours when more trains operate.
- c. NR also noted that they had yet to look at the operational and performance issues relating to service options to Middlesbrough and Harrogate, and questions around platforming at some of the busiest stations.
- d. There is also a need to take fuller account of all the plans and aspirations of other operators, both passenger and freight, to run services on parts of the route.

8. Stopping and flighting patterns will have a substantial impact not just operationally in terms of capacity and performance, but crucially also in terms of passenger needs and connectivity. There would be perverse consequences if we were to allow operational

issues to drive outcomes that disadvantaged passengers and communities, and resulted in reduced revenue and a loss of economic and social benefits.

9. For example, relying on overtaking moves appears to us risky in performance terms through its potential for escalating reactionary delay. While noting that some of the applicants took a more optimistic view on this at the hearing, we think it is an aspect where further performance modelling will be particularly important.

10. Critically, as VTEC have emphasised, given the complexity and inter-connectedness of the demands upon this and the surrounding routes, it will be essential to be confident that it will be feasible to develop a robust end-to-end timetable which is aligned along the whole route, not just a succession of individual components which have only been looked at separately.

11. A further concern to which a number of witnesses alluded was the risk of devising a theoretical timetable which fully filled the available space, making no allowance for any failures or external disruptive events, and hence had no room for recovery following even a minor incident. This would be likely to have severe performance impacts, with adverse impacts on both reputation and revenues, and would not be a resilient or sustainable outcome. We do not want to see a repeat of the London Bridge situation where a new timetable is introduced on a high-profile route which then proves to be unworkable and has to be thinned out, causing major reputational damage and with negative consequences for both passengers and operators – particularly since, in this case, the existence of multiple operators with conflicting commercial objectives would make it very difficult to agree any reductions to the timetable. A related issue is that there has been a tendency in some recent performance modelling to under-estimate the effects of a major timetable change – as seen not only in relation to London Bridge but also for example the fifth Trans-Pennine path. Further modelling at a more detailed level may help to alleviate this concern, or at least to give a clearer impression of the potential range of performance impacts and a more robust central estimate.

12. Headline journey times are a significant commercial driver on some of the key services on the route and we need to be clear that we understand the deliverability or otherwise of the applicants' aspirations, including performance impacts, and that these are being treated consistently – noting the discussion around adjustments to engineering allowances which have been made for one operator.

13. As we noted in our previous letter, NR has indicated that there will be some slippage in two elements of the East Coast infrastructure upgrades planned for CP5. There are additional uncertainties over the results and impact of the L2E4 work which we understand is also under way, and even more so over the timing, cost and funding of the further enhancement work which would be required to enable tilt operation. Again, we believe that these need to be bottomed out in order to take a robust decision on what capacity is available for allocation, and what the consequences would be – in relation to performance and to the balance of services available to passengers.

14. Finally, I should note that as greater clarity emerges on these capacity, timetabling and performance issues, this could materially affect the results of our previous analysis on the impact of the open access proposals on SoS funds. In particular, to the extent that London – Edinburgh journey times at or close to 3 hours 43 minutes with tilt operation

were to be proven to be deliverable for Alliance, this would potentially increase the adverse impact on SoS funds. As you know, our analysis made the assumption that these services would operate with a 4 hour journey time, which is approximately what would be achievable for a non-tilt service. Depending on the outcome of this further work, we believe it may well then be highly desirable for the Department to revisit this analysis so as to better inform the ORR's final decisions.

Yours sincerely,

**Andrew Murray**  
**Head of Rail Performance and Operations**