



Department for Transport

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Dear Rachel,

Alliance Rail Holdings Section 17 Proposal – Rights for GNER West Yorkshire Services

Thank you for the opportunity to comment on Alliance Rail's application.

The Secretary of State recognises the importance of the East Coast Main Line in linking Scotland, the North East, Yorkshire and Eastern England with London. As set out in Annex A, the Department seeks further improvement in capacity and reduction in journey times as part of its objectives for the connectivity fund to be delivered within a maximum CP5 expenditure of £240m.

The Department has stated that, in principle, it welcomes the increased passenger choice and competition brought to the market by Open Access operators, whilst remaining mindful of the need to reduce the overall cost of the railway to taxpayers. Until there is greater clarity about the long-term track access charging, the Department has said that it will naturally remain cautious about the impact of the new charging structure as between franchised and Open Access operators.

However, the Department has significant concern over this particular application due to the potential negative impact on the Secretary of State's funds, on performance levels on the route, and on the delivery of journey time improvements and additional capacity.

The Department will be writing to ORR with commercially confidential information to set out in more detail the impact that the GNER proposal would have on the funds available to the Secretary of State for the purposes of his functions in relation to railways or railways services. The evidence will show that we anticipate a significant negative impact on the Secretary of State's funds due to the high level of abstraction from the forthcoming Inter City East Coast (ICEC) franchise. In order to support the competition for the franchise, it has been necessary to offer financial protection should the anticipated additional path not be awarded to the franchise. This would have an immediate negative impact on the Department's funds for each year it is paid.

In terms of investment in both rolling stock and infrastructure, the Department is concerned that the case for funding future investment may be weakened, should a precedent be set for additional capacity to be allocated in such a way that it is no longer possible to assume that additional capacity from the Secretary of State's investments will be utilised in a manner consistent with the business cases which underpinned those investment decisions. The business cases for investments such as the InterCity Express Programme (IEP) and the East Coast connectivity fund are, and will be, dependent on the additional revenue created as a result of the investment being captured through franchising and therefore being used by the Department to off-set the initial public sector investment costs.

The Secretary of State is investing £240m through the East Coast connectivity fund. The clear aim of the fund is to enable the EC future timetable, including the additional services on the Thameslink, Southern & Great Northern (TSGN) and ICEC franchises identified in **Annex A**, to run with a satisfactory performance level. Over and above this necessary spend, the Department is clear that the remainder should fund journey time improvements.

Delivering the full benefits of the Department's significant investment in the connectivity fund and the IEP train fleet will require the future ICEC operator to deliver an additional train per hour from London King's Cross. We would welcome assurance from ORR and the applicant that returns on the investment made by taxpayers in these new trains and infrastructure enhancements would not be jeopardised by the approval of this application. We would find it helpful to see the analysis which supports that position.

The Department is aware that the ORR has set demanding performance targets for the East Coast route for PPM and CaSL for Control Period 5. The operation of the GNER service could put the required level of performance at risk. In order to make an assessment of the likely impact on other services (both passenger and freight) we would need to see a specimen timetable. Such a timetable need not be a 'fully validated' working timetable, but should be detailed enough to enable an assessment to be made of the impact of the proposed Alliance Rail GNER service on other services. Such a document would also assist both Network Rail and the ORR in making their final determinations.

The Department therefore asks that the ORR pays particular regard in its final determination on the impact of the financial, operational and performance risks and on the funds available to the Secretary of State if the Alliance Rail GNER proposals were to be implemented.

Yours sincerely,

Andrew Murray

Copy to: Chris Brandon, Alliance Rail Holdings
Brian Hopkinson, Office of Rail Regulation

Annex A

CP5 East Coast Main Line (ECML) Connectivity Fund.

This annex sets out the Department's objective for the connectivity fund and the service levels on the East Coast Main Line which are consequently being specified by the Department for the Thameslink Southern & Great Northern and East Coast franchises based on the outputs expected from that fund.

OUTPUTS

1) The over-riding output required by DfT from the investment authorised for CP5 in ECML infrastructure is the achievement of a material reduction in journey times between London and the key ECML cities – namely Leeds, York, Newcastle and Edinburgh.

It is anticipated that these journey time reductions will be achieved through a combination of:

- New rolling stock;
- A timetable recast; and
- Infrastructure improvements that allow slower trains (passenger and freight) to be cleared from the paths of faster trains

2) A second output would enable new markets to be opened up. This objective could also be expressed as a desire to see growth in ECML flows that are, in volume terms, comparatively small.

It is anticipated that this second objective is likeliest to be met by:

- Retention of a number of 'off-route' destinations similar to those offered today; and
- Improvement of connections at key stations, both by timetabling interventions and by improvement of station facilities to make both rail and road connections as easy as possible

SERVICE LEVELS

1) Thameslink Southern & Great Northern franchise

There will be eight trains an hour all day, emerging from the Thameslink route at Belle Isle Junction at even intervals, as required by the Thameslink development timetable (DTT 2013). Because of the critical nature of the timings through and beyond central London, these trains will have to be 'first on the graph'. In the peaks 4 of these services will go north of Welwyn Viaduct (2 each to Cambridge and Peterborough); off-peak there will also be 2tph going at least as far as Letchworth.

In addition there will be a half-hourly express service between Kings Cross and Cambridge, with as many as possible of these trains extending to/from Kings Lynn (all peak trains will extend and as many off-peak trains as the infrastructure will allow)

The service will be further enhanced in the morning peak hours by:

- 2tph Kings Cross – Peterborough (non-stop between St Neots or Biggleswade and Kings Cross) (high peak only)
- 2tph Cambridge – Kings Cross (non-stop between Stevenage and Kings Cross)
- 2tph Letchworth – Kings Cross (non-stop between Hatfield and Finsbury Park)

All other TSGN trains will run on the slow lines and go no further north than Welwyn Garden City.

This gives a total of 8 TSGN trains over Welwyn Viaduct in the inter-peak, rising to 12tph in the two hours of the morning high peak, and 10tph in a 'normal' peak hour.

2) Long Distance High Speed – East Coast franchise

In order to meet the outputs it is anticipated that capacity would need to be available for a minimum of 7 LDHS services per hour. Throughout the day there would be two very-limited-stop services per hour between London and each of Leeds and Edinburgh, augmented by two semi-fast services (one each to Leeds and Newcastle) that would call at the intermediate stations and provide connections at key stations with the fast trains. The seventh service would be an additional semi-fast core route service in the peaks and an 'off-route' service off-peak. The present 'beginning and end of day' extensions to off-route destinations would continue to apply.

The 7tph service, southbound, would not start until after the TSGN 'high peak' – until 0900 (measured at Kings Cross) no more than 6 LDHS would run while TSGN operates 12tph. After 0900 TSGN drops to 10tph with LDHS rising to 7tph. Thus 18tph is the maximum level of passenger service over Welwyn Viaduct, and that only for up to two hours in the southbound peak.

3) Regional & Inter-Urban

Specification as the December 2012 service, except where amendments are shown in the Northern programme ITSS.

4) Freight

The firm rights of all existing services should be protected. Plans for future growth should be treated according to the degree of certainty that supports each plan. Where it is judged that paths should be designated to accommodate such growth they should, where possible, be routed via the GE/GN Joint Line, in recognition of the investment made in that route in CP4.

It is important that the designated freight paths should be suitable for trains (both existing and expected future) that have their origins and destinations off the core ECML route, and

that their timings should enable the Freight Operators to meet their customers' reasonable requirements for particular departure and arrival times.

In the cases of all the passenger services even-interval, regular-pattern timetables are sought:

- To provide passengers with 'easy-to-remember' times and service intervals;
- To maximise rolling stock efficiency through the establishment of repeating patterns of turn-rounds at destinations; and
- To maximise route capacity
