

Helen Cavanagh
Track Access Manager
Northern Rail Ltd
7-9 Rougier Street
York

24 April 2014

Dear Helen,

Northern Rail response to GNER West Yorkshire /Cleethorpes - London Service Proposals

Thank you for your response; this is Alliance Rail Holdings' (Alliance) response on behalf of GNER. For clarity GNER is a subsidiary company of Alliance Rail Holdings Ltd.

Timetable Structure

First, this application is regarding our GNER West Yorkshire /Cleethorpes - London Service; it is not about our King's Cross to Edinburgh proposals.

In respect of your concerns about capacity – Alliance's position in relation to capacity is that capacity exists on the ECML section, as it was funded by way of "The CP4 Delivery Plan, Programme 18 – East Coast Main Line improvements". The output of which is as below:

Output

These schemes deliver both the HLOS passenger kilometre specification for strategic route 8 and the London capacity specification for the East Coast.

The following will be provided (the baseline being the December 2008 timetable):

- *up to two additional freight paths per hour between Peterborough and Doncaster;*
- **up to one additional long distance high speed passenger path per hour off peak (note: currently there are 7 paths in many off peak hours);**

- **up to two additional long distance high speed passenger paths in each peak hour; and**
- *operation of up to ten outer suburban services per peak hour, with up to six of these being 12-car formations, subject to calling pattern.”*

Network Rail and ORR have confirmed that the May 2011 Timetable recast was not reliant upon this programme of works. Alliance concludes that the capacity is available as a result of the CP4 Programme 18 schemes the value of which was just under £700m.

In addition during CP5 Network Rail has been funded by ORR in relation to the East Coast Main Line (ECML) Connectivity Fund. This is £247m to improve capacity and journey times. Alliance is confident that the £900m of funding on ECML schemes during CP4 and CP5 will deliver the stated benefits in Network Rail’s Delivery Plan. If it does not then one must question the value to the taxpayer, the government and the rail industry.

Alliance believes that capacity exists to operate these services as part of a recast of the timetable to optimise the network. We envisage that a timetable recast enabled by greater flexibility in contracts and coupled with the option to use the provisions of Para 18(5) of the Access and Management Regulations will deliver better use of the network. The main beneficiary of such a change being the passenger.

We also note your comments regarding the “standard pattern” timetable on the Leeds North West triangle. We note your concerns but note that you have not provided any firm evidence of your perceived risk. We also note that you state that the Leeds North West services are “heavily subsidised”. Given that Alliance is proposing services that are privately funded and do not need subsidy, it would reduce the burden on the Secretary of State’s funds if Alliance operated some of these services rather than Northern. We would be happy to explore replacing loss making services with Northern where it was appropriate.

We also note that you indicate that these services are Northern's “flagship services” and are a high revenue earning line of route despite being “heavily subsidised”. If this is indeed the case then something is very wrong with the Northern franchise. We note that Northern returns substantial profits to its shareholders despite requiring a large subsidy from the taxpayer.

Revenue Implications

In your response you state that you believe that our proposal will be “primarily abstractive” and that revenue will be lost. As you are aware, the economic test undertaken by the Office of Rail Regulation (ORR) is the Not Primarily Abstractive (NPA) test, used to gauge any impact on the Secretary of State’s funds. This does not just take into account the amount of revenue a new service will abstract, it balances this against the likely new business that

would be generated and other compensating economic benefits. In the case of these proposals I can confirm that our proposals pass this test comfortably.

Yours sincerely,



Ian Yeoward
Managing Director

Alliance Rail Holdings

88 The Mount, York, YO24 1AR

Tel: 01904 628904 – email: info@alliancerail.co.uk – Website: www.alliancerail.co.uk

Registered Office: Admiral Way, Doxford International Business Park, Sunderland, SR3 3XP

Registered in England Number: 07026295