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Copy to:  
EMT Directors  
Lanita Masi, EMT

Ref: ORR\PR13\SBP

19<sup>th</sup> February 2013

Dear Sir/Madam,

**PR13 Consultation – Network Rail’s Strategic Business Plan for 2014-19**

Many thanks for the opportunity to respond to the recently published documents on Network Rail’s Strategic Business Plan for 2014-19.

East Midlands Trains (EMT) welcomes the approach taken by Network Rail (NR) to present the Strategic Business Plan in a clear and concise way which sets out the direction it wishes to take over the next five years and beyond.

EMT has a number of comments for ORR’s consideration.

**Safety**

Clearly, safety is always a high priority when it comes to running the railway; it is as NR says the safest it has ever been. Learning lessons from major incidents is essential if we are to continue to improve the safety of the network. With reference to the James St. incident in Liverpool and other similar incidents, we would like to see a funded plan to manage the risks arising from short platforms and platform gaps across the network.

We are also pleased to see a proposal for further funds of £67m to continue with the programme to reduce the risk at level crossings in CP5. This is an area which is of concern to all operators and we would welcome a higher level of investment than is currently envisaged in CP5 for managing the risk.

There are over 800 level crossings across the East Midlands Trains network and level crossing incidents rank as one of the highest risks to our business. We welcome the recent initiatives by Network Rail to replace foot crossings on the Midland Main Line with low-cost footbridges. We also support the initiatives to provide low-cost technology at some crossings to improve the warnings given to users. We urge Network Rail to do more to improve the reliability of, and protection given by, AHB Level Crossings. However we understand the proposed £67m fund is only sufficient to tackle a few of the highest risk crossings nationally (for example, the NR East Mids route plan proposes targeting only two crossings per annum in CP5). We would like to see the fund doubled in value to reflect the importance of doing so in terms of safety, service disruption, and the costs of fleet damage and non-availability.

## **Capacity and Enhancements**

We also recognise that the industry faces some major challenges in CP5, some of which are down to the recent success of the industry. The rail industry is facing many tough challenges i.e. improving its safety record, managing ageing assets, coping with dramatic changes in weather conditions and managing excessive growth, whilst at the same time NR is trying to improve capacity and manage an evolving organisational structure.

With regard to the provision of capacity, we believe this is one of the areas that will be the most contentious over the coming years. As NR advises, the industry is growing at a huge rate; it is the fastest growing railway in Europe with passenger numbers up by 43% and freight by almost 60% in the last 10 years. Whilst we have some decent processes to develop and implement additional capacity, it seems to take far too long to implement. The industry takes too long in the planning stages which results in the network being unable to cope as demand increases quicker than we can provide the additional capacity. An example of this is the scheme to reduce the journey times on the Midland Main Line route in CP4. This scheme started to be developed back in 2008 before becoming a CP4 Committed scheme. It has taken until 2012 to develop the scheme in detail and there is a further year's worth of possession activities before the service actually changes in December 2013. So, it has taken over four years to plan and deliver what is a fairly simple package of changes along the route. We cannot afford to spend nearly five years delivering such schemes, especially when growth continues at such pace. We need to be able to plan and implement capacity and journey time schemes much quicker if we are to see improvements for the customer.

We also need to ensure that enhancement and journey time schemes in CP5 are spread as smoothly as possible and NR makes the best use of its critical resources, in order to avoid the tidal wave of works we are seeing at the end of CP4. With regard to enhancements, there is currently significant investment within CP4 and this is proposed to continue within CP5. The proposed Electric Spine is welcome, especially the elements of electrification on the Midland Main Line route. There are two specific areas we would like to raise. Firstly, we believe it is important for the remodelling and electrification of the Sheffield area to be included in CP5 and not in the first year of CP6. Secondly, we are concerned that some key freight routes and

EMT diversionary routes are not covered in the proposed CP5 electrification works e.g. Corby - Manton - Syston and the Erewash Valley route. There are many benefits from electrifying these routes; without them electrified it will be difficult to see how the aspiration of the Electric Spine to convert freight services to electric traction will be achieved, our performance and 7 Day Railway delivery will be worsened by the loss of these to use as diversionary routes, and current direct passenger services such as those between Alfreton and London will be either lost or forced to run inefficiently.

## **Technology**

Technology and innovation are critical areas for investment. There are two points to consider here. EMT notes the step change in proposed spend by NR as we move through CP5, but wonder whether some of the proposed spend of £150m in 2018/19 is actually too late. Some of this (maybe an element of the CP6 development funds) could be moved one year earlier in CP5 to ensure a smooth flow of worked up schemes into CP6. Secondly, it is important that train operators move equally as quick in investing in new technologies. However, this can be difficult to achieve if it is a short franchise or if an existing franchise is coming to an end. Thus, there is a question about how the industry moves forward together on this, rather than one party being left behind because it is unable to invest.

## **Organisational Change and Efficiencies**

With regard to organisational change, the industry has made significant strides in CP4 with NR devolution and alliancing with some TOCs. The key here is how this can be progressed further in CP5. At EMT, we certainly welcome the closer working relationship with the various routes we interact with and would be looking to progress more joint initiatives 'locally' wherever possible.

EMT welcomes the establishment of the Milton Keynes Centre and the benefits this has delivered within NR. It might also be worth considering whether other departments within NR and indeed related organisations (eg ORR's rail planning, economics, safety and performance departments) could save costs by moving from central London to Milton Keynes to provide efficiencies through relocation.

The operation of the network is of considerable importance to train operators. The reduction in signal boxes and the creation of 14 rail operating centres is obviously costly and time consuming and yet it is clearly the right thing to do and will improve day to day reliability of the network in the longer term.

It is vitally important that both NR and TOCs control these costs and look for further savings in CP5. The NR efficiency target reduction of 18% in CP5 is obviously a challenge, especially at a time of greater investments in enhancements etc. We do have a concern that a proposed reduction may impact on a day to day operational delivery of the service and this is something of which we need to be mindful. In CP4, we have seen some delay to the implementation of signalling schemes as a result of a lack of industry resources and in CP5 there is clearly a significant amount of work

to be done in this area. How can we be sure that NR has adequate resources in place to deal with such high volumes of work, especially in the area of signalling testing?

Clearly, there is a significant amount of enhancement works proposed in CP5, especially in years 2 and 3. This is highlighted in the risk to the capital programme section where national projections indicate a circa 25% additional access (over CP4 peak figures) will be needed. Yet, the proposed figures in relation to Schedule 4 do not seem to reflect this substantial increase in required access / disruption.

We see an enduring opportunity for Network Rail to improve the efficiency of its capital and enhancement programme. The aspiration to cut O&M costs by 18% is laudable (and indeed we are concerned about its impact on operational performance, see above), but Network Rail also needs to ensure that their enhancement programmes are developed and delivered efficiently – it appears to us that it may be too easy for NR to develop and deliver these projects inefficiently (in terms of both time and cost) and to put the inflated cost on the RAB. In summary, are expensive processes, teams and offices appropriate for projects charged to the RAB whilst the O&M teams are increasingly stretched to meet the efficiency targets?

## **Performance**

We do not accept the performance projections in the plan. Our current PPM MAA is 93.1% following recent adverse weather, prior to which it was 93.6%. The projected drop to 92.8% in 2013/14 and to 93.1% or less in 2014/15-2017/18 is frankly unacceptable. Our customers continue to be asked to pay above-inflation fare rises and it is completely wrong for Network Rail's targets and plans to be funded upon declining or static train performance in this context.

In recent weeks, we have sat down with the four NR routes over which we operate and we have identified further schemes which are reasonably deliverable to improve performance. We do not accept that NR is doing everything it reasonably can to deliver performance – we have jointly identified that more can be done. NR needs to streamline its processes so that its people can focus on delivering these schemes, and the intensive renewals and enhancements programmes for CP5 need to be designed and executed in a manner which enhances performance during and after the changes to the infrastructure.

## **Additional Funds**

We welcome support for East Coast Connectivity, Passenger Journey and Station Improvement funding, but would like to seek clarity on how these funds will be controlled during the control period and a sense of expediency in the delivery and implementation of such schemes.

Finally, there are two areas that are worth a mention that seem to be excluded from the SBP. The first is any reference or link into National Passenger Surveys and the end customer. The second is any detail of funding for enhancements at depots

which, from a train operator point of view, are key assets that have a significant impact on the day to day delivery of train performance and customer satisfaction. Perhaps, these areas could be examined further.

Regards

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East Midlands Trains