

Ref: ORR/NR/SBP/CP5

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19 February 2013

Dear John,

**First/Keolis Transpennine Limited (“TPE”) response to invitation to comment on Network Rail’s CP5 Strategic Business Plan (2014-2019)**

Thank you for your recent correspondence requesting comments from stakeholders with regards Network Rail’s CP5 Strategic Business Plan (“SBP”). As you are aware TPE have been actively involved in supporting Network Rail to develop elements of its SBP and, in particular, the route level plans that underpin the delivery of the national plan and its proposed outputs. We were also pleased to be involved in last week’s PR13 SBP workshop to engage in further dialogue relating to this critical document. Through our colleagues within First Group, we have provided responses to a number of the key policy consultations during this periodic review and have helped develop the Industry Strategic Business Plan (“ISBP”) through our involvement with Network Rail and other organisations at the Rail Delivery Group (“RDG”). Consequently our comments at this stage are limited to a few matters, generally route level detail, particularly with regards to delivery and implementation of the Network Rail CP5 SBP.

**OUTPUTS AND OVERALL STRATEGY**

We would like to confirm our support for Network Rail’s overall plans. This is likely to be a particularly challenging Control Period for Network Rail. We welcome Network Rail’s positive commitment to delivering this enormous programme of activity and business change. Particularly noteworthy of praise are the implementation of a new operating strategy to reduce the cost of operating the network, whilst improving performance, and the significant number and scale of infrastructure renewals and enhancements. If these plans are successfully delivered we expect these will provide more capacity for passengers and freight, faster and more reliable journeys and improved infrastructure capability. We are pleased Network Rail is also planning to deliver significant improvements in safety, efficiency and sustainability while also maintaining (or improving) performance across the network. All of this is offered despite the challenging environment, created by a busier network with significant levels of engineering work. This ambition is admirable and necessary given demand for high quality rail services but will, I am sure, require significant ORR scrutiny to verify the achievability of the plans.

Network Rail’s high level proposals support TPE in our aims to deliver great service to our customers every day. Network Rail’s delivery is completely fundamental to our customer’s journey experience. More than 80% of disruption to our passenger’s emanates from Network Rail assets or the operation of the network. TPE can only deliver a high quality product when Network Rail is able to meet, and hopefully exceed, its commitments in terms of train service performance and network operations; asset reliability; network availability; delivery of enhancements; major station management and property stewardship. We believe the targets that Network Rail has proposed for TPE are realistic and deliverable, particularly the most critical of these, our PPM target. It is thus

imperative that we work with them to help deliver, across all these areas. Our Framework Alliance will support the delivery of the committed outputs. Clear regulatory oversight and challenge to the targets, as they are developed, or during CP5, should they not be achieved including those at a national, sector (if they remain) will continue to be an assistant to delivery alongside bi-lateral NR/TOC arrangements. We believe the sector performance targets do add value ensuring Network Rail is delivering for all types of customer nationally and that they also provide good visibility of problems that can be masked by national average scores.

We believe the SBP proposals, if fully implemented and delivered, will significantly improve customer experiences by providing improved infrastructure that can accommodate a significant level of additional services and more rolling stock so that the capacity to help cater for a continued growth is available. The reduction in journey times on many of our corridors will also help improve the attractiveness of our rail product and will assist to drive growth on key inter regional links in the North of England and Scotland.

## **RELATIONSHIPS WITH TRAIN OPERATORS**

TPE and Network Rail have recently agreed a Framework Alliance agreement that sets out how we will work together to improve outcomes for passengers and stakeholders. We are convinced that these outcomes can be improved through Alliancing. Better alignment of incentives, more robust joint governance structures and jointly designed improvements to our processes, people and technology will be the main drivers. We have started our Alliance in advance of the re-franchising process, as we believe improvements can be made, even in the short term. However, it will be important for Network Rail to revise its strategy for Alliancing as the DfT update its franchising programme. In order to secure the potential improvements and to support its delivery of enhancements Network Rail should consider its approach in light of the emerging position later this year. Key areas identified by our initial Alliancing work, are listed below:

- Access Planning and development of 'industry business case approach' to possessions
- Secondment and embedding of staff from each business in each other's organisations
- 'Bottom up' inputs to the alliancing agenda, unblocking the avenues to our frontline staff's delivery
- Opportunities for the operator to deliver elements of Network Rail's responsibilities/output commitments at lower costs

The SBP acknowledges some of Network Rail's previous weaknesses in alignment with train operators. It is clear there is a willingness from the top to drive greater engagement. We would acknowledge this intent, but we must also highlight the on-going challenges of changing long-standing cultures and organisational structures within NR. The SBP and the supporting route plans acknowledge the need for good communication both between the routes and the central functions, but also between the individual routes following devolution. This is especially key for us given the many interfaces we have with central functions such as Operational Planning and Strategic Planning in addition to the LNW, LNE and Scotland route teams. It is imperative that Network Rail manages in an integrated manner acknowledging the needs and challenges of multi route operators. We expect NR to understand the implications of the enhancement and renewals programmes, particularly access planning (Network Availability), and manage the cross route boundary issues effectively.

We believe ORR should be particularly interested in reviewing the Network Rail rationale for its confidence in the ability of some of its centralised functions such as Operational Planning to deliver the efficiency, reliability and capability improvements identified in the SBP. We remain deeply concerned that Network Rail will not have the capability to manage the operational planning of such a vast programme of activity while ensuring high levels of reliability and network availability. It is important that Network Rail continue to meet their licence obligations in this area, particularly in terms of the provision of timely and high quality timetable data given the key role this now plays in providing effective retail solutions and customer information online and at stations.

## **NETWORK AVAILABILITY**

We are surprised no form of output measure for Network Availability is proposed for regulatory scrutiny in CP5. We acknowledge some of the weaknesses with the current Possession Disruption Index – Passenger (“PDI-P”) regime, not least the absence of Long Term Planning (“LTP”) Engineering work and the implications this has given the variance of the published service from agreed the Corresponding Day Timetable (“CDTT”). We support Network Rail looking at more appropriate measures. We believe this should include some form of user (Operator) satisfaction measure with possession disruption and control. The Access Planning process has not been sufficiently and effectively resourced, in our view, during CP4 meaning satisfaction is low, we believe, across the industry with how Network Rail plans engineering work. The ongoing effects on its knowledge base and capability following the centralisation of planning resources to Milton Keynes are still felt, and we believe will continue to be. Much work is still to be done in this area.

A further challenge that Network Rail must address, and did not cover clearly in the SBP, is how the different routes and enhancement project teams will be aligned with each other, and the central planning team, so that operators get good service regarding Network Availability. We believe the lines of communication and responsibility must be clear. It will also be important to understand the implications that not having a ‘Seven Day Railway’ fund will have on the ability to implement improvement schemes in CP5. We are pleased with many of the schemes TPE have taken forward with NR during CP4 through this fund, and we expect, that the good work will be built upon through alternative (core) funding sources in CP5.

We have not been directly consulted regarding the CP5 SBP for Network Availability and the priorities for our business. It is disappointing to think that the CP4 priority list has not, to our knowledge, been thoroughly reviewed. The most acute issue for us is the failure to capture the importance of Manchester to Scotland in the LNW route plans (though it has been in the Scotland route plan). Also there has been a failure to address the availability of access to Manchester Airport within the route priorities despite extended dialogue in CP4, including a recent Alliancing project. We believe access to Manchester Airport should be improved so that the 24/7 demands that are apparent can be captured by rail driving value for money. The Northern Hub conditional outputs also require improvements on this short section compared with the baseline position. This has not been addressed in the SBP.

## **ENHANCEMENT SCOPE**

There is a fantastic amount of investment in our route network planned for CP5. This is an investment in the North of England’s rail infrastructure far beyond that which we have seen before. The work that Network Rail has done, alongside other industry partners, to make the case for and plan the investment in Northern Hub and Electrification has been, in many regards, excellent.

Our only significant concerns relate to scope and alignment with renewals of some schemes. The most acute of these is the re-signalling of Liverpool Lime Street. The enhancement of the station’s operational capability alongside re-signalling is necessary in our view to cope with the increased frequency of service and, most critically, the increasing length of trains beyond 2014 and 2016. This is sadly an unfunded enhancement and in part this is because we do not believe appropriate verification of the implications of a ‘like for like’ renewal has been made. It is important we raise our concerns at this stage. We are concerned platform operational capacity will be a real limiting factor to the potential benefits of the Northern Hub and will be a significant risk to performance. Given the Northern Hub is identified as a national level performance risk we believe this matter should be addressed<sup>1</sup>. It is also disappointing that the industry may miss the opportunity to align enhancement and renewals thereby improving value for money.

Despite our concerns at the approach and outcome in the SBP with regards Liverpool, this will not prevent us from working with Network Rail through our Alliance to identify opportunities to deliver a broader scheme. We are keen to continue the process of bringing such schemes through their development phases whilst identifying opportunities to do more for less. This is especially important with the number of major enhancement and electrification schemes planned.

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<sup>1</sup> Network Rail Strategic Business Plan, Page 63

It is also important that we highlight the need for appropriate responses to the issues of station facilities, crowding and operational safety that the Northern Hub changes will bring. NR are aware of our concerns about the lack of firm commitments within the enhancement scope or the SBP to suitable interventions at Manchester Victoria and Manchester Oxford Road to cope with longer trains (up to 8 carriages in length) and the significantly greater usage planned following the CP5 network interventions. We will continue to support NR in their work with other stakeholders, including DfT, to optimise the delivery of the North of England Programmes.

Thank you for the opportunity to comment and feed into your review of the SBP during PR13. Should you have any questions following this letter, please feel free to make contact directly with me or alternatively you can discuss the issues raised with one of our senior managers who have been extensively involved with the PR13 process and workshops. These contacts are George Thomas, Commercial Contracts Manager or Anna-Jane Hunter, Resource Planning Manager.

Yours sincerely,

Chris Nutton  
**Programme Director**