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Dear Sir/Madam,

I am writing on behalf of Virgin Rail Group and West Coast Trains Ltd. (trading as Virgin Trains) to comment on Network Rail's Strategic Business Plan for 2014-19.

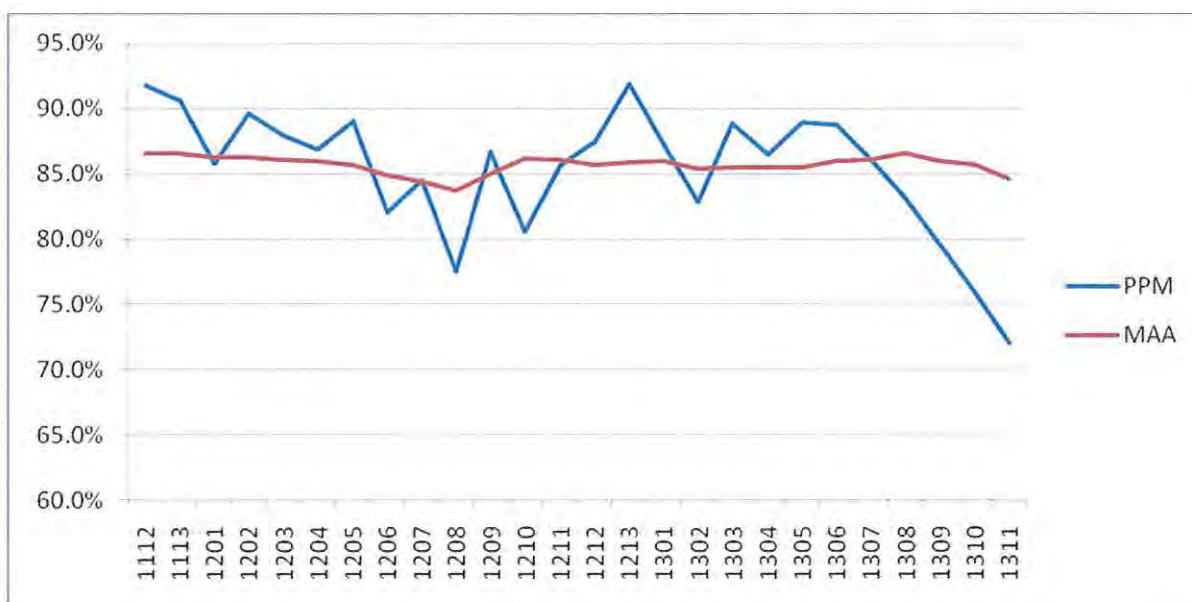
The Strategic Business Plan ("SBP") was written at a time of considerable confusion in respect of the InterCity West Coast franchise. Bidders had developed extensive plans for improvement in performance, changes to the train service, train fleet and investment in infrastructure and stations. With the cancellation of the franchise competition and award of a short franchise, none of these plans have been progressed to implementation. As part of the new short franchise, currently running to November, 2014, we are currently engaged in discussion with the Department for Transport to agree a package of appropriate initiatives. In the light of these developments the SBP is almost entirely silent on any initiatives relating to the West Coast Main Line, and in the coming months this must be rectified and the SBP updated to reflect agreed developments and policy, appropriate to the importance of this route to the UK rail industry and the national economy.

Our aspirations broadly fall into the following three categories: Improving Performance, Improving Anglo Scottish Journey Times and Improving Stations.

## 1. Improving Virgin Trains Performance

In 2012 I spend five months on part time secondment with Network Rail examining the performance issues on the key Rugby – Euston route, in conjunction with the all the passenger and freight operators on the corridor. The work concluded with a report and recommendations, called the West Coast South Reliability Programme – Final Report and Recommendations, which can be viewed at [www.rail-reg.gov.uk/upload/pdf/wcs-reliability-programme-191112.pdf](http://www.rail-reg.gov.uk/upload/pdf/wcs-reliability-programme-191112.pdf). The recommendations came too late for inclusion in the SBP which is now published. Nevertheless the final version of the SBP should restate Network Rail's commitment to deliver in full the recommendations. Whilst many recommendations should be complete before 31<sup>st</sup> March, 2014, there are significant implications for the 2014-2019 period.

The Strategic Business Plan assumes that Virgin Trains will meet the JPIP MAA target of 88.4% for 2012/13 and in turn the CP4 exit target of 89.2%. Our actual performance over the current year coupled with realistic modelling of future periods does not support this assumption. We wish to see our services consistently achieve at least 88% MAA, which in turn contributes hugely to the long distance plan and the national MAA plan, although for us customer expectations come before contribution to the long-distance plan.



We will continue to work closely together with Network Rail to eradicate or significantly reduce the 'bad days' caused by one off large incidents that have the ability to destroy a periods performance

Areas of improvement needed:

### Reliable Asset Performance

Since the timetable enhancement of 2008, we have had lengthy periods of good performance, and believe that our timetable is both robust and attractive to our customers. When the infrastructure is reliable, our timetable works well and comfortably delivers over 90% PPM. We do not accept the SBP implied view that poor performance is a result of too many passengers and too many trains. If the infrastructure performed better, performance by all measures would be excellent.

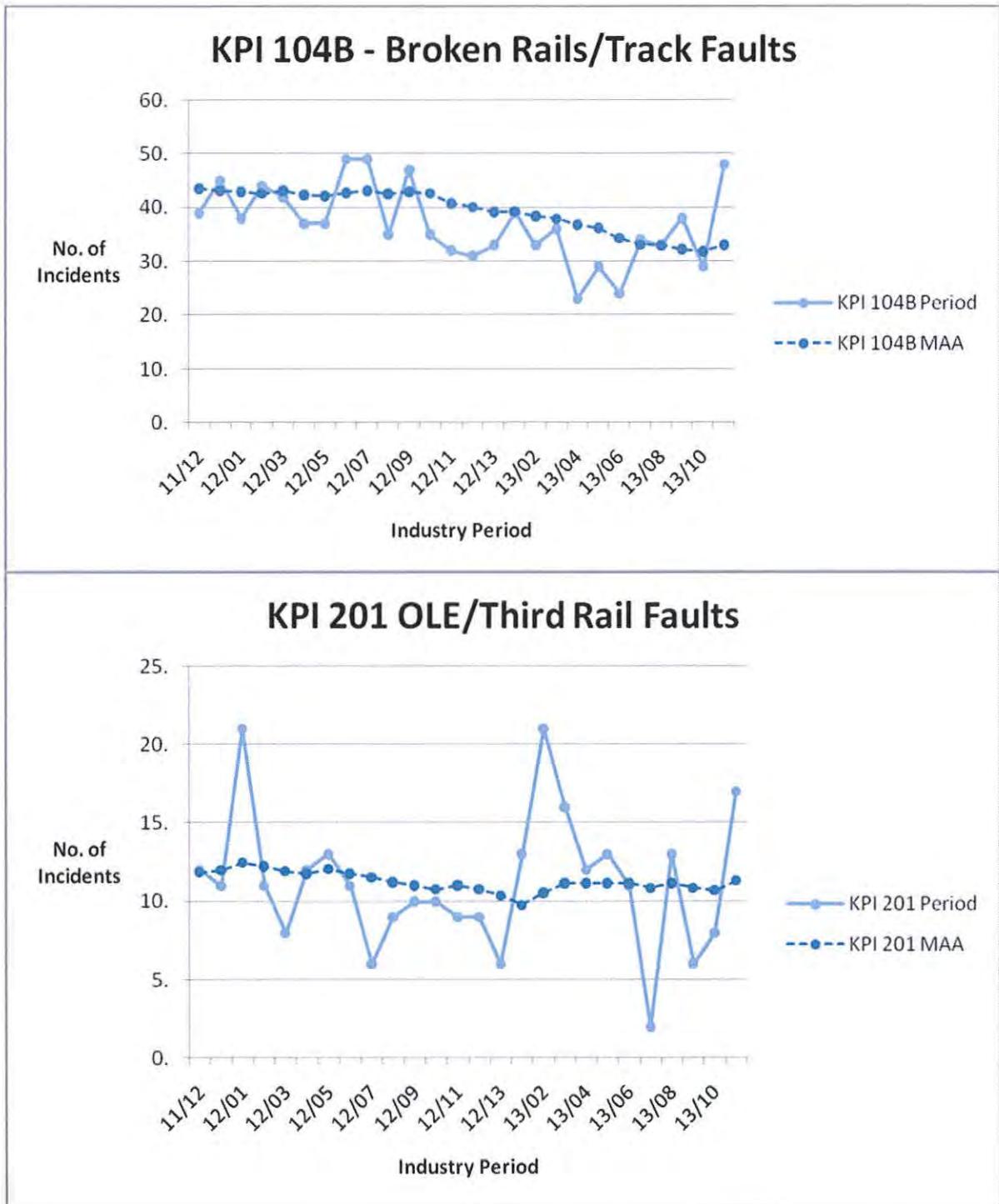
Getting the basics right is the key to improved performance. As identified in the "West Coast South Performance Improvement Plan" Track, Electrification, and Power Supply are areas where immediate improvement and stability of performance is required to meet this need. Poor performance of the railway system creates less efficiency, constrains maintenance access time (driving requests for additional access) and does not have the resource to support it. In fact performance is so poor that additional access is required by the engineers. Sub optimal performance itself in turn creates a negative lag effect on our fleet performance due to our trains having a reduced amount of downtime in depots.

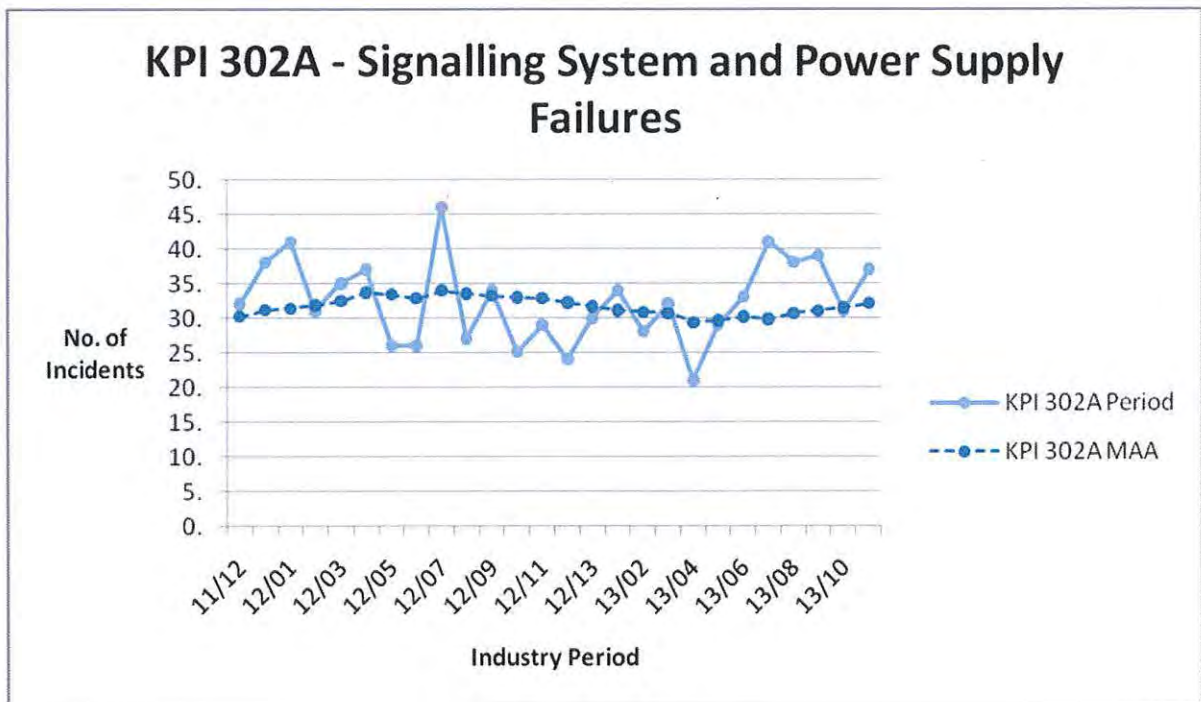
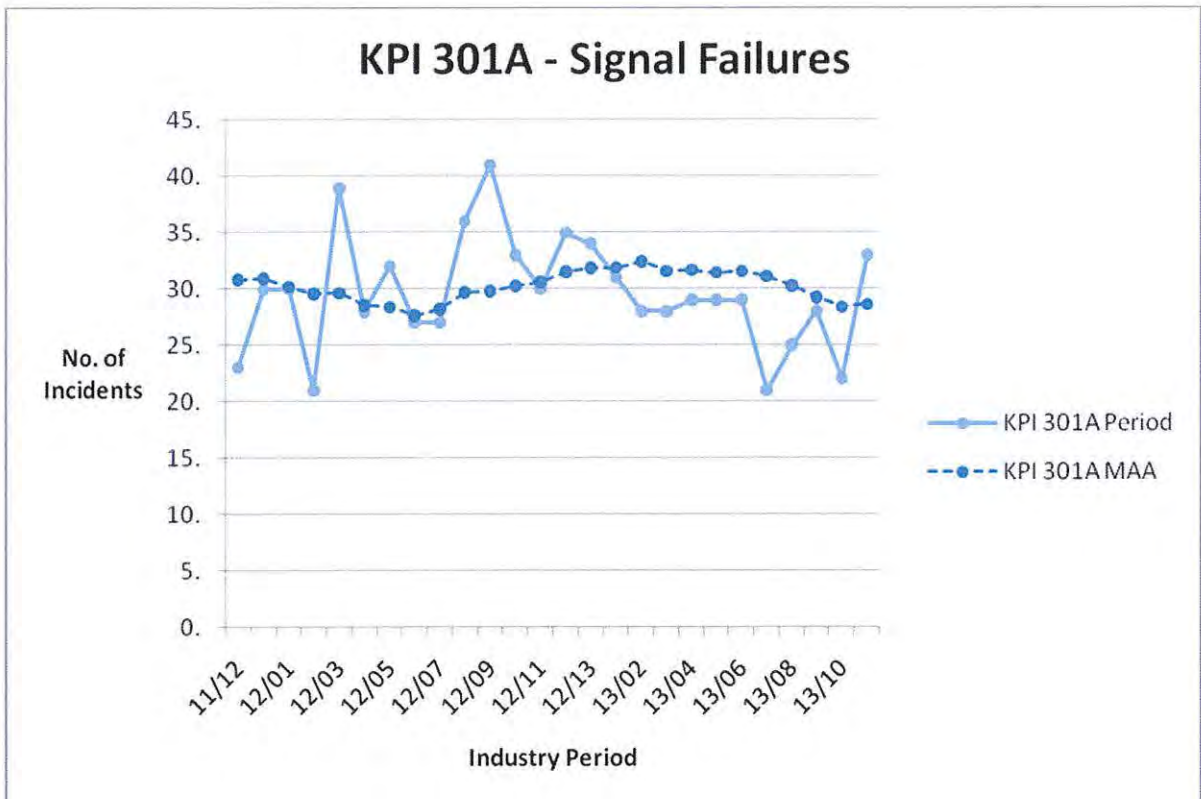
OHLE supply to our depots has been a particular issue. Key to the efficiency of our operation is maintaining the fleet at night. We have been asking that this issue be resolved. This is of particular concern at Wolverhampton Oxley Depot where one

diversionary feed is sub optimal and Liverpool Edge Hill Depot again having one feed making the depot vulnerable.

When new infrastructure assets are being introduced to the system, modelling should be undertaken to understand reliability curve assumptions about immediate and future performance. In CP5 we do not want to see new equipment installed on the WCML without it first going through proper testing and trials before installation onto the route, thereby reducing the risk to performance on a strategically important route.

Set out below are some of the current KPI trends adversely affecting performance:





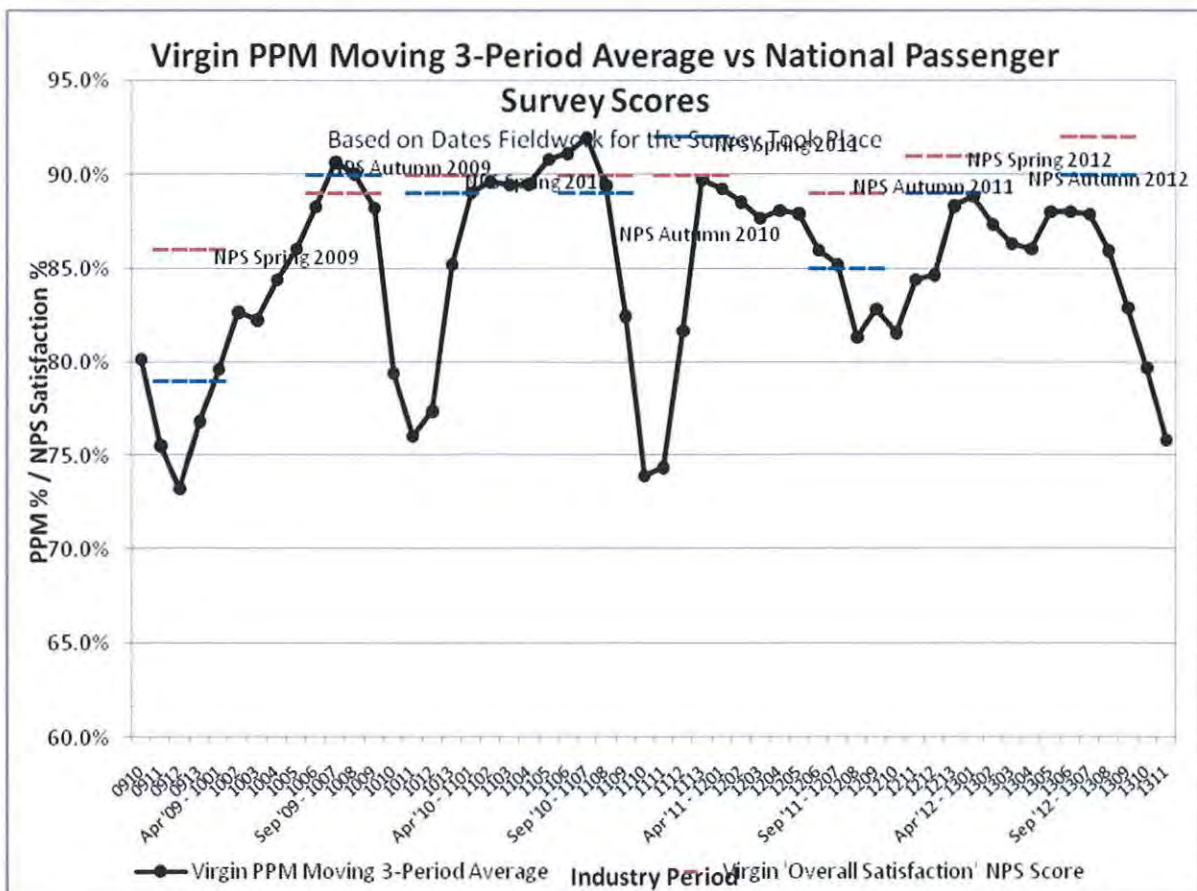
#### Management of the Public Performance Measure

There is a need for a defined Traffic Management process as well as robust systems for managing handovers between control areas. The benefit from the ROC's will not be realised until CP6 (creating a disbenefit during CP5), with no clarity as to how this will be improved during CP5. We don't believe that Train Running Controllers are having the

desired beneficial affect to Long Distance trains as they do not, for the majority of our train services, manage them from origin to destination.

Better performance modelling to understand capacity constraints and solutions, particularly on the heavily congested southern part of the WCML, should also be undertaken prior to the introduction of new or heavily altered service patterns. One example would be major engineering works, enabling challenges to the “works on paper” methodology (but then does not work in practice).

We have some of the highest overall passenger satisfaction results and this measure is more meaningful to our customers than PPM which is only measured at the destination station, and shown in comparison to other long distance operators that our customers are not likely to use. We would support a TOC level measure rather than a service group measure for long distance performance, believing this to be a better measure for our customers.



In terms of FOC on TOC delay this continues to fall between the FOC and NR to manage. We need better engagement between NR and the FOCs to work together to reduce its effect, and involvement from ORR in ensuring this is done. The recent Freight Improvement Plan focussed only on NR on FOC performance, and did not look at all at the disproportionate impact FOCs have on TOCs, particularly long distance TOCs.

## **Incident Management and PIDD**

Network Rail is key here in relation to prioritised plans being available at the early stages of incidents not just for customer information purposes but also to ensure clarity of purpose for service recovery (not allowing incidents to 'drift' etc).

We support principle of Network Rail's Traffic Management Strategy underpinning the better management of incidents but they do not seem to have grasped the need for a prioritised plan during incidents. Customer information as pivotal to PIDD and we want to see included an ongoing programme of installation of state-of-the-art customer information systems at our stations.

We are supportive of working with NR to ensure that their Traffic Management Strategy includes the needs of Train Operators, and that the needs of passengers and end users of rail freight are also considered.

## **Major projects and Anglo Scottish possessions**

These form a key element of the investment we are now seeing in the system but do the planning of these take to little heed of the performance effects on the wider network?

An example of this is during August where 5 platforms are not available at Birmingham New St all weekend (in connection with the Gateway Project) and the Grand Junction route is also closed all weekend for the Walsall re-signalling Project meaning the network through the West Midlands is severely constrained. This introduces unacceptable risk to our operation which becomes reliant on the one remaining route through the Trent Valley.

We clearly do not want to see both the WCML and ECML closed at the same time with no route for our respective Anglo-Scottish customers to take. The SBP states *"The rail network needs to be open for business to generate revenue. At the same time, the infrastructure must be maintained, renewed and enhanced as efficiently as possible. The level of access is a key determinant of the volume and cost of work that can be delivered. Strategies must be agreed between Network Rail and train operators providing services for increasing levels of passenger journeys and freight volumes, striking the correct balance between these requirements" the balance we strike must be the right and engineering access on key routes such as those described above should be planned in conjunction with each other, with the inclusion of route users*". In recent years we have established an effective working relationship with East Coast and the three Network Rail Routes involved in Anglo Scottish possession planning, and this has done a lot to improve weekend journeys on this corridor, ensuring we jointly have a competitive product to compete with airlines. Examples of this have been non stop Edinburgh – Euston direct Virgin Trains when the ECML has been closed, and greater use of diesel hauled diversionary routes by East Coast. We commit to continuing this work, but it gets steadily more challenging as investment levels in both ECML and WCML rise.

The Virgin Trains "Joint Network Access Plan" is an effective strategy document and establishes a compromise on most areas of challenging access. However it also contains a section on matters we are unable to agree on, as follows :

# ***Introduction and purpose***

*This Joint Network Availability Plan (JNAP) describes the plans that will enable Virgin West Coast and Network Rail to deliver their contribution to the CP4 Network Availability target of a 37% reduction in disruption to passenger services caused by engineering works.*

*There are three points on which there is currently a failure to agree between Virgin West Coast and Network Rail. This JNAP is signed on the basis of the current disagreement being noted by both parties and they will endeavour to resolve this issue by the next JNAP issue.*

*1. Possessions on the Northampton Loop post 12:00 on a Sunday, Virgin West Coast believes that the EEA agreement for a 4 track railway is south of Rugby and therefore means that the Northampton Route should be open during this period. Network Rail's view is that the EEA agreement covers only Hanslope Junction to Euston.*

*2. The statement in appendix B Virgin West Coast believes this does not offer sufficient protection to the principle of either the West Coast or the East Coast main line such be open. In that the bullet point as follows would allow possessions on both routes at certain times. It is acceptable to block on any weekend both routes for a maximum of 14-16hrs Sat/Sun (e.g. 2000 Sat to 1200 Sun) with times dependant upon location of possession and timings to avoid key services. Network Rail views that it requires the flexibility offered to maintain and renew the Network.*

*3. Virgin West Coast views the requirement to divert their services via Manchester for 12 weekends in the year and via the Settle and Carlisle route for 22 weekends a year as excessive and damaging to the weekend business growth on the route. Network Rail view these possessions as the minimum amount of time required to maintain and renew the route to prevent temporary speed restrictions being imposed.*

## **Appendix B**

### **ECML vs WCML Possession Matrix**

*The EC v WC planning rules being used for the development of the 2012 ROTR:*

- If a through journey opportunity is maintained on both routes then disruptive engineering access can be taken on both routes simultaneously providing typical journey times for each route are not extend by greater than 25%\**
- It is acceptable to block on any weekend both routes for a maximum of 14-16hrs Sat/Sun (e.g. 2000 Sat to 1200 Sun) with times dependant upon location of possession and timings to avoid key services.*
- There must always be an opportunity for a passenger to join the train in London and depart the same train in Scotland from the same seat.*

*\*Virgin Trains has specifically never accepted the Network Rail policy of an extension of journey times by 25% as being an acceptable alternative to the use of buses. On a route*

such as London – Glasgow this is an additional 67 minutes journey time. It is also not practicable to provide sufficient seating capacity by means of service frequency and train lengths on such extended diversionary route. Network Rail have continued to assert that this policy is agreed with the industry, but it is not agreed with Virgin Trains, and never will be.

When we have exhausted the extensive consultation and negotiation process, we will continue to contest proposals by Network Rail for unacceptable engineering works on this corridor, where necessary taking the proposals through the Access Disputes Resolution process and ultimately to the Office of Rail Regulation.

Through a developing relationship we may offer additional access to Network Rail if required, subject of course to the formal approval of the proposed train plan from the relevant authorities. But this needs always to be balanced against the needs of our customers.

We note that electrification of the Walsall to Rugeley section of line is included in the SBP, without the full benefits being described. We ask that you consider the electrification of the Birmingham Proof House to Nuneaton section of route which would not only be of benefit for our own diverted (planned and unplanned) services but would offer a wide benefit to freight with access to Birmingham Landor Street and Hams Hall Railfreight Terminals being available electrically as this would become part of the 'electric spine'.

We do not support the electrification in isolation of Crewe to Chester and there is no mention of this in the SBP. We would not support this without approval of electrification along the entire North Wales Coast route to Holyhead, to allow electric trains to easily run between North Wales and London.

Removal of capacity constraints, for example the single line at Alsager and the three track section between Brinklow & Attleborough would improve both performance and operations during diversions, both planned and unplanned would greatly improve our ability to respond to incidents along the key stretches of WCML

### **Process Review**

Simplification of the engineering access process will enable more stability in the timetable and deliver a much less inherently flawed plan, removing the potential for delays and overruns etc. We believe a post has been created to tackle this but do have concerns. We stress that aside from major projects the 'small stuff' is important too, and also needs greater focus on identifying underlying trends on small minutes of delay (for example the introduction of double block junction signalling causing delay) with clear work streams to resolve these without affecting end to end journey times.

### **Fatality Prevention**

We need to build on the good work already being delivered on West Coast South (LNW South Joint Board Performance Improvement Plan) funding and delivering prevention measures to other parts of the route, in a risk based measured approach (for example concentrate first on those high risk areas with no alternative routes).

### **Reduction of TSR/ESRs**



Better asset management is mentioned, but changes to working practices along with a decrease in spending on track poses a risk to lower track quality and a potential increase in TSR/ESR events.

### **Weather Management**

We need to completely understand the effects of the recent ORR improvement notice to NR Scotland and its implications to the rest of our operational network. We welcome the move to differing categories of weather related events.

### **Management of FOC on TOC delays**

The WCML is the busiest mixed traffic railway in Europe, but the delays caused to our services by freight train failures and late running are not well managed. This is a Network Rail responsibility, and they need to be more active in their intervention. They should be challenging the perpetrator of delay more effectively. Passenger operators have invested heavily in new reliable rolling stock with built in system redundancy, which is rarely completely disabled on the main line, while freight operators continue to run trains with traction that suffers from many single point failures. The SBP is silent on what Network Rail's plans are to reduce FOC on TOC delay, and we would like to see these plans developed and published. The "freight delivery metric" being developed should reflect the impact FOC performance has on TOCs, particularly long distance TOCs.

### **General capacity and journey time aspirations**

Other items we want to see specifically included are

- Opportunities for increases in line speed on both fast and slow lines. We don't support the current approach and wish to see slow lines increased to line speeds of at least 110mph
- A joined up and systematic approach to Regulation (Traffic Management)
- A defined strategy for handling of longer, heavier and more frequent freight trains along the WCML north of Weaver Junction
- Increased infrastructure at Carlisle to handle the welcome upturn in freight traffic to guard against delays through late running freight trains and crew changes
- In the event that the proposals for upgrading Leamington to Nuneaton are progressed, careful consideration will have to be given to how these services cross the WCML on the flat junction at Coventry.
- Incremental speed improvements through renewals and specific intervention, for example raising of the current tunnel speeds through Watford, Linslade, Kilsby and Shugborough tunnels to 125mph.
- A long term strategy on the upkeep and renewal of depots where Network Rail is the landlord, and a review by the ORR of the charging mechanism to remove the disincentives to depot operators to invest in the facilities.
- A recognition that a depot without overnight EC4T provision is of no use for maintaining trains, and a strategy to ensure that EC4T power is continually provided at night at all electric train maintenance depots.

### **Summary**

In summary the SBP is positive about structure and delivery, but generalises on improved performance and how this will be achieved. We would like to see our expectations described in the document and a clear plan to deliver these included, which should also include transparency on how NR intend to attain a step up in long distance performance. There needs to be scope for a process of out-turns on the spending plans and expected performance as performance output is more beneficial than what it is actually spent on. If the correct level of funding is spent on track and earthworks then we would expect to see a significant up-turn in performance of the WCML to all users of the route.

We also ask that you recognise that the London to Glasgow WCML route is the worst performing service group in the country and that specific effort and planning needs to be focused on improving this.

## **2. Improving Anglo Scottish Journey Times**

As part of the Virgin Rail Group bid for the ICWC franchise we had an ambitious plan to accelerate London – Glasgow journey times, with a headline non stop service completing the journey in less than four hours. This was part of a package to compete with the airlines on this corridor, and trigger a significant modal shift. As part of the bid process Network Rail were aware of our timetable and infrastructure proposals, but on a strictly confidential basis.

Since the cancellation of the competition we have decided to engage with Network Rail and Transport Scotland to consider whether our plan can be implemented, in full or in part. A key part of our plan was an intervention in the Motherwell area re-signalling, which was proceeding on a like-for-like basis, and close to design freeze.

Following discussions with Network Rail and Transport Scotland, we have agreed to form an "Alliance" with Network Rail, led by Network Rail Scotland, to urgently review our infrastructure proposals. Whilst this is being done the relevant design elements of the Motherwell scheme will not be finalised. Full details are in the attached "Appendix A" correspondence.

We would like to see this reflected in the SBP. We believe the necessary infrastructure investment will be recovered in increased track access charges, which in turn will be met by increased passenger revenue. We were prepared to commit to this as part of our franchise bid, but we will keep the details of how we were going to do this confidential in anticipation of the next ICWC franchise competition.

## **3. Improving Stations**

The SBP is almost completely silent on Network Rail's plans for stations on the West Coast Main Line, both those managed by Network Rail and those where Virgin Trains is the Station Facility Owner. As with performance, this is in part due to the cancellation of the franchise competition – the franchise envisaged a different basis for TOC managed stations – "Full Repair & Lease" – which has not been implemented. As a result there is no firm plan for the ongoing renewal or upgrade of the Virgin Trains' managed stations. We wish to see immediate initiatives to improve customer information, customer facilities, station security, including automatic ticket gating, shelter for our customers to wait for our lengthened trains and many other local works to specific stations. We are engaging with Network Rail on this at present.

Network Rail Managed Stations are absolutely key to the success of our operation, and we serve six currently, with most of our passenger journeys passing through one or two.

Passenger satisfaction levels, as stated in the National Passenger Survey are consistently low, and heavily influenced by the poor state of Euston in particular. The success of the Kings Cross redevelopment can be seen by an 11% increase in East Coast's overall satisfaction with station facilities to 88%. By comparison Virgin Trains' satisfaction on the same question remains static at just 80%.

Major improvement works have been undertaken at Manchester Piccadilly, Liverpool Lime Street and Glasgow Central, and the Gateway project at Birmingham New Street is well underway. Euston, however, is now the poorest of the major London termini. It is essential that Network Rail immediately agree plans for the a new station with HS2 Ltd., and that significant progress is made in 2014-2019 to implement these and improve facilities for our customers. Our customers should not have to wait until 2019-2026 for a "Kings Cross style" experience at Euston, and the SBP should set out plans for Euston to be completed in 2014-2019.

We feel that Network Rail's management of these stations should be judged and measured by the National Passenger Survey. Network Rail need to be more responsive to the train operators and our knowledge of our customers' opinions, and this should be take priority over exploiting the retail opportunity. This is particularly visible at Euston where there is insufficient seating for customers, who choose to sit on the concourse floor rather than all use the retail facilities.

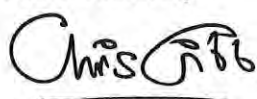
In our view Network Rail should review exactly what they do at the managed stations, on a station by station basis. We are content for them to manage the fabric of the buildings, the security and the retail opportunities, but we feel that train operators should manage all of the passenger interface, including the provision of all aspects of passenger information and assistance. It is the train operators that take the revenue risk and opportunity from this interface, and it is their brands that suffer or benefit from how well it is done. Network Rail should welcome prominent branding by train operators around the passenger interface, in the way that retailers at stations use their brands. Why is it that the Sainsburys and Boots brands are more prominent at Euston than the Virgin Trains brand ? It surely cannot be determined by how much is paid – Virgin Trains pay Network Rail over £200m per annum. Is it because Sainsburys and Boots payments are in the highly prized "unregulated income" category ?

## **Conclusion**

In conclusion we welcome the many ambitious plans set out in the SBP, but find our customers, operation and ambitions largely neglected as a result of the cancellation of the West Coast franchise competition. We welcome the opportunity to comment on the SBP, and hope that we can ensure the plans will give the West Coast Main Line the attention it deserves. We will continue to engage fully with Network Rail on all the subject raised in this letter, looking to both the short and long term.

I am copying this letter to Network Rail, Transport Scotland, the Department for Transport and East Coast Trains.

Yours sincerely



**Chris Gibb**  
**Chief Operating Officer**  
**Virgin Trains**