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Mr. M Hollands
Network Rail
Kings Place
90 York Way
London, N1 9AG

Our Ref: VWC/ORR/RH062b/ARH/S18

06/09/2011

Dear Martin

Consultation: Application under Section 18 – Alliance Rail Holdings Ltd.

West Coast Trains Ltd. (WCTL) hereby replies in response to your e-mail and attachments dated 08/08/11 relating to the above proposed Section 18 application by way of Network Rail to run West Coast Services by Alliance Rail Holdings Ltd (trading as Great North Western Railway – GNWR).

1. WCTL notes Alliance Rail's intention to operate services between the North West & Yorkshire regions and London Euston, and its application for quantum rights to be thereby granted, enabling it to have equal opportunity alongside other train operators (TOC) in respect to the ORR sponsored, 2013 WCML timetable capacity review, taking place under the proposed auspices of the West Coast Event Steering Group (WCESG).
2. Despite WCTL Track Access Contract (TAC) expiring currently on the 31st March 2012, pending our DfT application to extend it to December 2012, we nevertheless have an ongoing vested interest in the longer term needs & interests of our customers. On this basis as you will be very much aware Virgin Rail Group (VRG) are currently engaged in developing their own timetable proposals for the West Coast as part of their bid for the Inter-City West Coast Franchise (ICWC).
3. This has been actively encouraged by the DfT through giving franchise bidders greater freedom with respect to timetable specification by replacing the highly prescriptive Service Level Commitments (SLC) with a less prescriptive Train Service Requirement specification (TSR). Such level of freedom given by the DfT appears to be supported by the ORR as stated in their West Coast decision documentation dated 2nd March 2011.
4. Such application by Alliance Rail purports to the offering of hourly paths between the North-West & Yorkshire regions and London Euston from the start of the December 2013 timetable. The intention being, that indicative but robust pathways be established through the WCESG alongside those aspirations & requirements of other WCML operators.
5. As previously indicated, the ORR in its 2nd March statement, instructed the Industry through Network Rail, to work towards developing such timetable, using those enhanced benefits in the form of infrastructure improvements, primarily the North-West Electrification, as its basis.

6. However, such instruction (see ORR statement {Paras 78 & 81 refer} in Annex “B”), was cited on the understanding that the programme of timetable development work be established **once the successful bidder for the ICWC Franchise was known**. Following the DfT announcement in mid May, the Industry is now fully aware that the ICWC Franchise bidding process has been put back 9 months, with the ITT not being published until January 2012, and the successful bidder not being announced until August 2012.
7. Such delay to the ICWC franchising process has rendered this initially proposed timeline for developing the recast of the WCML timetable, **wholly inappropriate**. VRG expects to progress as part of its bid for the ICWC franchise, timetable proposals that would be critical for inclusion into such a timetable development process.
8. Indeed, such timetable engagement has been actively encouraged by the DfT, in that they have specifically given franchise bidders more freedom with respect to timetable specification through replacing the highly prescriptive ‘SLC’ with a less prescriptive ‘TSR’. Moreover, ORR appear to support this freedom as they also state in their 2nd March statement (Para 59) that “.....A key reason for this approach is to provide certainty by increasing flexibility for the new franchisee to develop a timetable that better meets the needs of customers and the taxpayer.....” Cognisant of our current situation, it is therefore paramount that we play an integral part in the WCESG from the beginning, thereby ensuring that our proposals, like Alliance Rail, get a fair hearing.
9. Accordingly as it stands, being the current incumbent TOC, we would **not** be able to play a significant part in such process until the ICWC franchise is awarded in August 2012, as we do not have any visibility of the identity and/or aspirations of the successful franchise bidder. Therefore if the WCESG has already began to develop and implement key decisions about the WCML timetable recasting, inclusive of Alliance Rail’s quantum requirements, then this would create a significant advantage to Alliance Rail and other operators, based on the current ORR timescale obligations.
10. WCTL is also mindful that the premise behind the WCESG is to provide certainty for operator bid submissions in time for the Priority Date in February 2013, in sync with the completion of the North West Electrification scheme. However with the WCESG only commencing detailed work in early 2012, this leaves less than a year for the detailed development work to be completed prior to the commencement of the actual timetable validation process in February 2013.
11. In our view, based upon that experience gained during the planning of the December 2008 ‘VHF’ timetable, this is insufficient time within which to construct a robust timetable incorporating both franchise and open access operator along a route as complex (in both geographical & traffic terms), as the WCML. The 2008 timetable took considerably longer to develop, irrespective of the fact that a comprehensive specification was available much earlier for key passenger operators on the route.
12. If the industry is serious with regard to developing future timetables that are structurally sound and that will consistently deliver the high standards of performance that is expected by existing customers, then not only must a full specification be made available to work with/to at the earliest opportunity, but that sufficient time is also allocated to allow identification of conflicts, as well as for finding solutions to these but developed to the satisfaction of all those relevant parties involved.
13. Whilst this was achieved for the 2008 ‘VHF’ WCML timetable (the result being a timetable which delivers high levels of performance and consistency), it now seems potentially, that the Industry, through the initiation of the aforementioned WCESG from December 2011, is going to proceed ahead in developing and deciding upon a timetable inclusive of Alliance Rail’s proposals, ignoring the lessons learnt previously on the WCML, thereby increasing the risk of delivering a sub-optimal product.

14. Network Rail stipulates that the agenda for this process is being driven by electrification in the North West and the need to path electric services between Manchester and Scotland. Clearly some timetable development needs to be done to incorporate such services, so it is entirely appropriate that a **minor** recast is developed for services north of Manchester (effectively Golborne Jn {Wigan} to Scotland) for implementation in December 2013.
15. However, any further comprehensive recast, including those seeking rights which are not currently in existence, should be postponed until the successful franchisee for the ICWC franchise, (who would quite logically be the most significant single stakeholder for a project of this nature) is known in August 2012. This would be in the spirit of the ORR's decision letter which anticipated (Para 7 refers) "*....a staged programme of work to develop an amended timetable, the first iteration of which will be ready **from December 2013**¹.....*", albeit that the initial timetable changes for December 2013 would be relatively modest.

In summary, (and without prejudice to the obvious evaluative need for a 'minor' timetable recast of the WCML north of Wigan to Scotland in conjunction with the NW Electrification scheme from Dec 2013), unless the WCESG is delayed sufficiently until at least August 2012, in order to be able to sensibly address those capacity implications of Alliance Rail's quest for quantum rights, alongside those of other Route Operators and most importantly the eventual requirements of the successful ICWC franchise bidder, then WCTL **is not able** to support Alliance Rail's Section 18 proposal.

Yours Sincerely

Robert Hodgkinson
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Annex “A” – Paras 79 & 81 of ORR 2nd March 2011 West Coast Decision Documentation

“.....Assuming that the new franchisee is announced in December 2011, which we understand is the intention, this will give the industry over a year in which to develop a timetable that can make use of the infrastructure improvements before the Priority Date for the December 2013 timetable.”

(Para 79 refers)

“.....To this end we expect Network Rail to instigate a programme of work to ensure that the appropriate project management arrangements are in place for the establishment of a WCML timetable project working group once the successful franchise bidder is announced....”

(Para 81 refers)