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Paul McMahan
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Office of Rail Regulation
One Kemble Street
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Dear Mr. McMahan,

Network Rail Strategic Business Plan

I am writing in response to Bill Emery's letter of 1 November 2007, in which he sought the views of stakeholders on the key issues related to the SBP. No part of our response is confidential.

Northern welcomes the opportunity to comment on the SBP. Our main comments are focused on the key areas identified in your 1 November letter. Our observations on the proposed structure of charging were submitted to the regulator on the 7th December.

1. General observations

1.1 I should say at the outset that we have a working relationship with Network Rail which is based on a partnership approach. We regard it as productive and mutually beneficial. We firmly believe that this relationship has been critically important, in enabling us and Network Rail to have made significant progress on a number of key areas since the start of the Northern franchise. Our obligations in the letter should therefore not be interpreted as being critical of the extensive progress that Network Rail has made to date. However, the scale and nature of the workload passed by this White Paper represents a major challenge for Network Rail. We wish to continue to work co-operatively with them and see it as vital that Network Rail is properly funded and structured to enable the SBP objectives to be fully achieved.

1.2 In general we support the strategic direction that Network Rail outlines within the SBP. However, the headline issues for us are as follows:-

1. Can Network Rail deliver the necessary efficiency improvements whilst absorbing input price rises and delivering a massive investment programme? How do they plan to do this?
2. Network Rail does not have a record of delivering projects on time and on budget. What is going to change to enable the substantial range of projects to be implemented during CP4?
3. There are already indications of Network Rail seeking to dilute the performance improvement component of CP4. This is not acceptable. Network Rail is not achieving the CP3 trajectory. We wish to see continuous improvement across the network as an integral feature of CP4 plans.
4. TOCs still have significant scope for the delivery of performance improvement initiatives but need funding to enable them to do so. The funding mechanisms should provide for this.
5. We remain to be convinced that Network Rail has absorbed engineering best practice across the range of disciplines. The apparently defensive response to benchmarking only serves to reinforce this view.
6. Train Operating Companies have much to contribute to the implementation of the SBP. The industry funding mechanisms should recognise this as fact. They should provide for TOCs to take a lead role where appropriate in project development and implementation (for example. In the case of station and depot/stabling facility projects).
7. Passenger and workforce safety – as things stand we are not getting any additional funding for TOC responsible proportion of passenger and workforce risk reduction target. We believe ORR should address this point.
8. We have continued concerns about the levels of demand and forecast growth which Network Rail has produced in relation to the requirement for additional vehicles. We are continuing to work with them to reach an agreed view on this.

1.3 Overall, we consider that the Network Rail focus must be on delivering the current operational railway. In saying this, we recognise that projects involving changes to track and signalling rightly fall to be lead by them. However, many other initiatives can be effectively lead by other industry parties who have a record of on-time and cost-effective project delivery.

1.4 We have not commented in detail in this letter on the route plans. We have had extensive discussions on this subject with Network Rail prior to the publication of the SBP. Those exchanges are continuing as part of the RUS process. In general, we are satisfied with the lists of schemes that are included in the route plans. We believe they address the vast majority of infrastructure changes needed to enable the additional capacity required during CP4, but recommend that a degree of flexibility is afforded to accommodate the content of DfT's Rolling Stock plan when published in the New Year. Our concerns relate to the ability of Network Rail to deliver the infrastructure changes on time and on budget.

2. Performance

2.1 We recognise the achievements in delivering improvements in reliability and punctuality across the network through CP3, but we believe that for Northern there is still much to be achieved and welcome the focus that will be applied to routes that perform well below the average. We have been working with Network Rail to understand what is required so we can achieve Northern's contribution to the

National target. We note Network Rail's conclusions are that only 91.6% PPM can be achieved nationally by the end of CP4 and that this does not hit the governments target as specified in the HLOS. We do not believe that Network Rail's bid for an additional £400M funding is a cost effective solution to achieving the 92.6% target and we would argue that the train operating companies could deliver further improvements in performance in a cost effective way. We would therefore invite ORR to consider where investments in TOC initiatives could achieve better value for money.

2.2 Figure 8.3 (page 180) cannot hide the plain fact that Network Rail delay minutes are projected to be worse at the end of CP3 than in 1999/2000 whilst TOC delay has reduced by 30% and TOC-on-TOC delay is marginally better despite the increased numbers of trains operating. Northern believes that there is a serious risk that Network Rail will not deliver this delay minute target by the end of CP3 and that their actual delay minute start point for CP4 will be even worse than shown.

2.3 The SBP fails to acknowledge the significant risks of hitting the start point for CP4 for both PPM and delay minutes. Within the Northern JPIP, the Network Rail target for 2008/9 has been downgraded from both the 2006/7 and 2007/8 plans. Within the four Network Rail General Manager areas that are responsible for the network over which Northern operates, Network Rail performance is no better than that achieved in 1999/2000. Why not?

2.4 The greatest risk to the non-delivery of the CP3 and then the CP4 performance targets is with the management of TSRs. There are numerous examples of TSRs having been in position for extended periods, with no remedial work planned and no proposals for network change to be implemented. There is no evidence in the SBP of a mechanism to anticipate the imposition of TSRs and take preventive action.

2.5 We recognise that there are other risks to the delivery of CP4 performance targets and these include the impact of passenger growth and enhancement works to support deployment of additional vehicles and capacity. In addition we have concerns with the new West Coast December 2008 timetable. We acknowledge that this has been based on more robust allowances than previously used and although the performance impact of the increase in the capacity consumption in the Manchester area is currently being modelled, Northern are keen to see no worsenment of PPM compared to now.

2.6 The performance impact of passenger growth will depend on whether capacity enhancement, mainly by increasing train size/capacity, provides capacity in advance of growth or follows growth and is always mitigating pre-existing overcrowding.

2.7 Northern acknowledges that "train operator improvements" will be required to improve PPM results, but TOC results are now nearly half of what they were in 2001/2, whilst Network Rail has not achieved the same rate of reduction and should be required to make a bigger contribution to delivering the CP4 PPM targets, to match previous TOC improvements.

2.8 Northern values the partnership approach to performance improvement that we have jointly created with Network Rail and the JPIPs are now a testament to how

joint working can further improve train service delivery. We believe that the key to successful delivery of the government's performance target is through greater joint working, but this has to be coupled with Network Rail delivering improvements to infrastructure performance that keep pace with the previous improvements achieved by the TOCs. In addition we believe that with sufficient investment TOCs can deliver significant further improvements in performance that will offer greater value for money when compared to further spend within Network Rail. We look forward to engaging in further debate as to how mechanisms can be developed to enable this to be achieved.

2.9 An example of where TOC related investment will achieve further performance improvements is through modifications to the fleet. The fitment of Sanders to our class 150, 155, 156 & 333 fleets will deliver significant improvements in operational performance particularly through autumn, that can not currently be justified through Schedule 8 delay minutes cost savings.

The SBP suggests that the development of resilient timetables is a key tool to deliver further performance benefits, but these benefits are likely to be constrained by our highly efficient unit and traincrew resource plans. The easing of some of these constraints by the funding of a small increase in our traincrew and unit resource will yield some significant performance benefits, particularly with the creation more robust turn rounds at stations. In addition the provision of a handful of standby units at key locations would allow Northern to recover from incidents more rapidly and reduce the reactionary delay from both infrastructure and TOC incidents.

3. Delivering Growth

3.1 We welcome the government's proposals to deliver passenger growth as outlined in the White paper "Delivering a Sustainable Railway" and High Level Output Statement. We have been working with Network Rail and the DfT to develop a package of measures that will deliver the HLOS outputs and support the infrastructure investment schemes outlined for Northern's routes in the various Route Plans.

3.2 As part of the work we have done on HLOS, we have undertaken a detailed analysis of existing demand (by train and route corridor) into each major centre for the three hour peak and high peak periods. We have developed a range of future demand projections through CP4, taking due account of the DfT load factor assumptions. From this information, we have been able to assess the incremental vehicle requirements necessary to cater for the anticipated demand.

3.3 Network Rail has recommended in the SBP a total vehicle requirement in excess of the 1300 vehicles that is suggested in the HLOS. For Northern, we understand that they have recommended a number of additional vehicles that is somewhat lower than our own predictions. This shortfall can partly be explained by a difference in the growth rates assumed by either party and we continue to work with Network Rail to reach a satisfactory outcome.

3.4 The issue of passenger growth has been, and remains, the subject of much debate throughout the industry. We welcome the reference to additional vehicles for the key centres across the north and broadly support the number of additional

vehicles stated in the each of the route plans. However, for Leeds and Manchester in particular we remain unconvinced that the growth assumptions used to determine the vehicle requirements are sufficient and believe that these understate growth through to the end of CP4. We also believe that the growth rates applied to the base understate the growth that will occur between now and the start of CP4.

3.5 If current growth being experienced by Northern and some other operators is sustained then further additional vehicle will be required. If the funds available are not sufficient to fund this level of additional vehicles then the Load Factor targets described in the HLOS will not be achieved.

3.6 We also believe that any further increase in the number of vehicles required over and above that assumed by Network Rail will not fundamentally alter the recommendations for enhancements to infrastructure detailed in the Route Plans. The types and quantity of additional vehicles to be allocated to each franchise is not yet known and probably will not be known until well into the New Year when the DfT publishes its Rolling Stock Plan. Even then further refinement is likely through various negotiations between TOCs and then with the DfT. Once a deployment plan has been settled then some changes to the required infrastructure enhancements are inevitable. It is important that the industry recognises the need for flexibility in infrastructure solutions at this stage and that the ORR affords Network Rail and TOCs sufficient scope to ensure that infrastructure enhancements compliment the final fleet deployment plans.

3.7 The SBP describes the actions required to be delivered by the end of CP4 but does not address the issue of whether additional capacity is provided in advance of growth, or to mitigate pre-existing crowding. We are currently working with the DfT to explore the issues of staging the delivery of new vehicles and consequent re-deployment of the existing fleet. This will then have to be matched with the staging of incremental infrastructure. However, we do believe that some recognition is required of the phasing of such programmes to ensure that all physical works are not back-end loaded, thus reducing the significant risk to overall delivery.

3.8 The SBP and its associated Route Plans contain details of various infrastructure enhancements to enable the deployment of the additional vehicles. These do not only include platform extensions, but proposals to increase line-speeds, improved junction/station layouts, additional platforms and new turn-back facilities. We welcome the proposed enhancements and have included additional comments in Appendix A to add weight to the proposals, the majority of which that have been worked up jointly between Network Rail and Northern.

3.9 We welcome the plans to extend platforms to accommodate a minimum of four car 23m vehicles on each of the radial routes from the key regional centres. This will enable the development of a robust plan that optimises the deployment of additional vehicles to deliver the anticipated growth. Some routes may require platforms to be lengthened to accommodate five/six car formations where passenger growth will exceed the carrying capacity of existing four car formations and it is not practicable or cost effective to run more train services. We recognise that Selective Door Opening (SDO) could be an alternative to platform lengthening in some circumstances, but it should be acknowledged that the retro-fitting of such equipment to some of our ageing fleets may not be practicable. We will also

undertake to explore a number of load management techniques to minimise the requirement to lengthen train formations beyond four car formations.

3.10 The running of longer train formations into key centres such as Leeds and Manchester is likely to create platforming problems at these major terminals. The longer formations may not fit current bay platforms or it may no longer be possible to continue existing platform sharing arrangements on some bay and some through platforms. Although Network Rail does acknowledge the potential problem in the various route plans we believe that these problems may prevent the full deployment of additional vehicles in CP4 unless innovative solutions are developed. Our work with Network Rail in this area is not yet fully developed and is somewhat dependent on the shape of the DfT's Rolling Stock Plan. We believe that an allowance should be made for potential investment to alleviate this problem. We continue to work with Network Rail to develop solutions and a solution may be to modify service patterns to create more through cross-city services at Manchester Victoria and Leeds. Such a solution would strengthen the case for the proposed East Leeds parkway station at Micklefield and for it to be the ideal location to turn back. This will potentially enable improved utilisation of the peak capacity with units making at least two peak workings into/out of Leeds. The proposed new station layouts at Salford Crescent and Rochdale would serve a similar purpose at Manchester Victoria.

4. Maintenance and Stabling facilities

4.1 The addition of around 200 vehicles to the Northern fleet (or about a 30% increase) will also require an increase in the capacity of our maintenance depots, servicing and stabling facilities. We concur with the view of Network Rail that our three key maintenance depots at Neville Hill, Heaton and Newton Heath could be better utilised if their use was limited to core maintenance activities and that all other work such as minor exams and repairs, fuelling and cleaning were carried out at other satellite facilities.

4.2 We are clear that, in considering the case for additional vehicles, it is important to evaluate the "whole life costs", which must include the relationship between the costs and practicalities of returning vehicles to a depot every night and the provision of more satellite facilities. However, in principal it is evident that additional stabling locations will be required and that the majority of our existing locations should be enlarged and enhanced. The provision of such facilities will enable us to reduce our reliance on the stabling of trains in station platforms that will enable enhanced infrastructure maintenance access.

4.3 We have already agreed that a joint exercise be undertaken between ourselves, Network Rail and DfT and to explore potential new sites for stabling and depot facilities. We believe that it is essential that the ORR recognises the need to fund Network Rail to ensure the expansion of maintenance and stabling facilities to accommodate the additional vehicles. (We assume at this stage that TOC costs under this heading will be funded through HLOS)

5. Efficiency, input prices and the Plan for CP4

5.1 The work done so far in achieving efficiency saving in CP3 is to be commended and we are also now beginning to see significant increase in outputs from renewals activities, particularly with track, that is leading to reduced engineering access requirements. We do have concerns that some renewals work is not being carried out in a timely manner because works can not be carried out in such a way that meets efficiency targets and this is leading to the imposition of TSRs with lengthy timescales for removal.

5.2 We have a particular concern about Network Rail's knowledge of its asset conditions. Although we believe some progress has been made in this area, we are of the view that much remains to be done before a comprehensive asset condition data base exists. The lack of this lies as the root of many of the asset management problems which this industry must overcome.

5.3 We have concerns with Network Rail's ability to deliver the step change required in outputs through CP4. Network Rail's record of delivery across a range of areas so far in CP3 does not demonstrate that they are ready to meet the challenges of CP4. We have been disappointed in their failure to deliver their JPIP targets for the last two years and on current performance we are unlikely to achieve our PPM trajectory at the end of CP3. Improvements in infrastructure reliability for Northern have not kept pace with the rest of the industry and in a recent benchmarking exercise carried out jointly by ATOC and Network Rail, Northern has the highest amount of infrastructure delay across the TOC community and we are significantly off the average when normalised per 1000 train miles. The amount of TSR delay has always traditionally been high for Northern on the L.N.E route territory, as it was for the previous franchise operated by Arriva Trains Northern.

5.4 Some progress was made in 2006 with TSR delay minutes reduced by almost half, only this year to see TSR delay increase back to above prior year levels. Network Rail in our opinion clearly had not learnt from the previous successes and can not yet demonstrate their ability to assess risk that enables them to manage the churn rate of TSR imposition. We again are making some progress in the reduction of the current level of TSRs across the Northern network, but there is still some way to go to get back to last year's TSR levels and we have yet to be convinced that Network Rail will get to a TSR free railway that Northern requires to achieve PPM levels specified in HLOS. We would therefore urge ORR to satisfy itself that Network Rail has in place the engineering processes that will enable it to virtually eliminate TSRs.

5.5 We were originally very excited by the introduction of NRDF and Out Performance funding mechanisms to achieve small scale infrastructure enhancements and worked hard from the outset with Network Rail to identify schemes that would improve capacity and performance. We are now extremely disappointed by the lack of progress in this area and we have very few schemes that have progressed through to implementation with the majority stuck in the appraisal phases or held back through lack of engineering resource to implement. We believe that the appraisal and project development processes should be simplified to ensure that Network Rail's Route Enhancement Teams can convert sound ideas into reality, this is essential if the infrastructure enhancements required to support the additional vehicles are to be delivered.

5.6 The availability of infrastructure resources, in particular signalling to deliver the planned enhancements is in our view one of the biggest risks to deploying the additional vehicles. For many years the industry has been restricted by the shortage of signalling design resources, which has resulted in many projects never getting beyond the appraisal stage because of the prohibitive signalling costs or priority of scarce resources being given to other projects. We believe that it is essential for Network Rail to develop the supplier base so that projects can be delivered in a timely and affordable manner.

5.7 One key area that Northern believes is not properly addressed in the plan is the significant efficiencies that can be achieved through the rationalisation of signal boxes through re-signalling. Many of Northern's routes are controlled by mechanical signal boxes and around a third of all Network Rail's signal boxes control some element of Northern's train services. When this is taken in context with the fact that Northern operates around 13% of train services nationally, then the cost of operation of the Northern network is proportionately higher. The cost of operation on some routes would be significantly lower if their signal boxes had been rationalised through re-signalling. The amount of signal boxes on some routes is currently acting as a barrier to the development of some of our train services, where we are unable to extend the hours or days of operation due to the prohibitive cost of staffing signal boxes. These high costs could also limit the application of the seven day railway concept on these routes.

5.8 Although Network Rail appears to be making progress in the reducing costs and improving outputs of track renewals, there appears to have been little progress in achieving similar advances in the area of signalling renewals. The application of new signalling technology within the current control period has been fraught with problems. We applaud Network Rail's attempts to introduce new technology in an attempt to bring new entrants to the UK signalling market that would relieve the resource pressures and bring down overall costs. In CP4 we believe that further urgent progress has to be made in this field, it will not be acceptable to sit back and wait for ERTMS as the current programme would not see this introduced on many of Northern's routes for at least twenty years. However, it goes without saying that the new technology must be proven in the UK railway environment. Signalling principles may well need to be modified to facilitate this process.

5.9 By way of an example, we are encouraged by the proposal to commission additional Intermediate Block signals on the Settle & Carlisle route where new signalling technology will be trialled. This exciting development may hopefully lead to a low cost option to easily improve block capacity on many secondary and rural lines, but we believe this is only a first step. New signalling technology for secondary and rural routes must be developed in the next Control Period to ensure that the cost of operating these lines can be brought in line with the rest of the network and securing a viable future where we can jointly develop services on these lines.

5.10 We note with interest the statement on page 85 that "...our efficiency is particularly important to freight operators since this impacts on the charges which they face." This seems to imply that the passenger operators have no interest in Network Rail's efficiency. This is clearly not the case because Northern relies on Network Rail to undertake maintenance, renewal and enhancement of the

Network, Stations and Depots and to deliver its contracted performance outputs, and more, within the CP4 funding. Northern cannot deliver local services across the whole of Northern England if Network Rail does not efficiently deliver a Network that is capable of supporting Northern's efficient service delivery.

5.11 Whilst Network Rail's efficiency has improved during CP3, there is still a long way to go. Contingencies, natural events, changing circumstances and inflation must be managed and not used as excuses for non-delivery. This is the nature of Network Rail's business and it must become world class in dealing with both its planned work and its response to the unexpected.

5.12 The in-sourcing of maintenance has made a significant efficiency improvement (page 88) and there are significant further steps to be taken to reduce the disruptive impact of daytime patrolling by extending intervals and moving to train-borne inspection (page 93). It is also proposed to in-source train-borne inspection (page 94). Northern would like to see evidence that Network Rail has considered whether to in-source renewals, and the reasons why the SBP continues with the current out-sourcing arrangements.

5.13 We also note in the support paper on Benchmarking the reference to the European railway administration practice of carrying out testing and commissioning of new signalling installation using internal resources, We would like to see evidence that Network Rail has considered internalising this activity.

5.14 Northern is concerned that whilst Network Rail has improved its processes in CP3, and promises to do more in CP4, there is evidence that by spending so much time and effort on process, extensive re-working and re-scheduling becomes the norm and delivery slips. A key part of improved efficiency in CP4 must be the delivery of schemes on time to meet the expectations of TOCs, Stakeholders and the ultimate customer. The delivery of schemes that are designed to provide additional capacity on trains, stations and on the Network generally are to relieve crowding as it exists now. The problem is there now and will become worse if schemes are not delivered.

5.15 A small paragraph at the foot of page 123 requires clarification as it is inconsistent with the precedents set by ADC. Northern believes that Network Rail has the "grandfather rights" responsibility for cleaning oil and effluent contaminated ballast. If Network Rail's proposal is to shift this liability to TOCs, this should be more clearly stated, together with proposals as to how the removal of deposits arising over many years is to be funded.

5.16 Northern is surprised to see (120) that the signaller staff costs are expected to rise in real terms and to off-set the headcount reduction. The commentary does not correspond with the headings in Figure 6.1 (119), so there is no commentary on non-signaller staff-costs. Network Rail must be sure that it is adequately staffed to deliver the outputs it is funded to deliver.

5.17 Northern welcomes the work that has been done to create workbanks to address historic under-investment in drainage (125) and would like to see documented the work that is taking place to investigate changes in adjacent land

use that may have changed the load of existing drainage systems and increased flood risk on the network.

5.18 Northern would like there to be a greater visibility of the number of structures (128) that will require full route closure to effect repairs during CP4. The prospect of 13-week blockades or over a year's worth of 54hr weekend blocks does not sit well with the 7-day railway proposals, and to understand how structures work, in general will be undertaken.

5.19 Finally, we believe much more could be done in the area of Network Rail information share about track quality and condition and on the renewals proposals for the immediate future. For example, it would be beneficial to have a process in place which Network Rail outlines for each route – it's proposals for renewals / re-ballasting/ drainage work on an annual basis in a way which gives train operators an understanding of what is proposed and some influence over the plan.

6. Finance issues

6.1 We have given careful consideration to the data on pages 171 to 173 of the Strategic Plan with additional references to the Executive Summary. The expenditure and financing section (P171 to 173) explains the fundamental inputs to expenditure and financing. We would highlight the following points:-

6.1.1. There is a £250M risk buffer set at around 4% of total spending. There is then reference to contingencies that are built into major projects. This gives the impression of building in slack. Northern for instance will cost at the minimum level it requires normally after taking due account of cost reduction initiatives etc. We strongly urge ORR to establish that the Network Rail processes for control of costs and for project management represent best practice.

6.1.2. There is a significant increase in debt carried from the start to end of CP4 from £22 billion to £34 billion. This is noted to be 70% of RAB within the 85% of their licence and comparable to the water and energy sectors. The only issue seems to be the impact of this long-term debt on the industry and whether comparison with other regulated sectors is necessarily appropriate.

6.1.3. There remains uncertainty about how savings are integrated into the plan. The Executive Summary answers this in part referring to the 31% saving achieved in the current CP3 with a further 5% annual target being applied by the ORR plus the need to absorb cost creep outside inflation. This level of future improvement appears to be rejected by Network Rail as a realisable target.

6.1.4. Whilst CP4 costs overall are lower this seems a factor of winding down West Coast expenditure rather than from efficiencies being introduced. The executive Summary notes that the level of expenditure falls over later control periods. However it is hard to judge whether this is being achieved by reduced activity or efficiency improvements.

6.2 The Plan seems to be short on how to achieve real cost reductions. That can be done either by removing the activity, doing it smarter or making an intervention with

say a new IS process to reduce headcount. Additional information here would be welcome in making an overall assessment of the "value ad" in the plan compared with the investment being made.

6.3 Northern's response on Income (162 – 170) was made separately and is not repeated here, but the simple assumption that the Schedule 8 Performance Regime will be cash-neutral (166) may need to be re-visited once the PPM targets, performance projections and initiatives are available in April 2008

7. Stations

7.1 Northern welcomes the key elements of the strategy, particularly the aim to create standardised station facilities, offering good VFM and the need to create a more sustainable station environment. The acknowledgement that the current situation contains inefficiencies and complexities is also appropriate, as there is plenty of room for improvement in how the rail industry handles the maintenance and enhancement of station infrastructure. The present processes are bureaucratic and burdensome. They consume too much time and too many resources and much be re-designed. We are keen to work with other industry partners to achieve change in this area.

7.2 Expansion of timetabled services and/or increases to rolling stock capacity to cater for ever increasing demand must go hand in hand with ensuring stations offer sufficient capacity to handle that demand as well.

7.3 Northern notes that the Route Utilisation Strategy process has offered the opportunity to look at station capacity requirements, but Network Rail needs to ensure these are not lost sight of, as network enhancements are often seen as the most important recommendations of a RUS. In particular, platform extensions on some routes will be absolutely critical.

7.4 Northern agrees with the remit of the Network RUS stations working group (detailed on p9).

7.5 We see the new ORR process for self-financing investment in car park investment as absolutely essential in the context of short franchise terms for many TOCs, including Northern. Car park capacity must be seen as a keen ingredient of any overall strategy to increase passenger demand and underpin the opportunity for rail to attract greater modal share. Network Rail's ability to facilitate delivery of car park improvements is also helpful in the situation where multiple TOCs operate out of a station.

7.6 Network Rail should share with TOCs any best practice in the creation and development of Station Travel Plans for managed stations, as lessons can be learned for other sizeable stations which are managed by TOCs.

7.7 In terms of asset management, this can sometimes feel like the poor relation of Network Rail's activities, with small issues often taking some time to resolve. The normal "tenant and landlord" responsibility assumptions that people would make

with private property do not seem to apply in a straightforward way in the rail industry.

7.8 There is no doubt that greater simplicity and efficiency in the allocation of responsibilities for maintenance and repair would be welcome. The multiplicity of suppliers to different TOCs and Network Rail in carrying out small scale maintenance work must lead to inefficiency and sub-optimal value for money. Northern is therefore open minded about a new approach to division of responsibilities (which might involve exchange of funding).

7.9 The suggested station stewardship policy and categorisation of stations seems a logical approach for Network Rail to take, but there needs to be some flexibility for dialogue with TOCs as to the classification of stations as some may have unique characteristics or challenges.

7.10 Network Rail should expedite the development and implementation of the modular design and construction concept due to the high potential for reducing unit costs and helping achieve greater consistency and predictability in the provision of station facilities for passengers.

7.11 Station maintenance and renewals procured by Network Rail are often perceived to be extremely expensive. While one option is for TOCs to challenge that delivery route by offering to deliver themselves, there needs to be greater apparent transparency and driving down of costs by Network Rail to change this perception

7.12 Northern supports the safety and security aims of Network Rail in encouraging slip, trip and fall reduction schemes, and reducing assaults. This will become a bigger challenge as passenger numbers continue to grow. Platform stepping distances remain a problem on a number of routes for Northern, and there should be a detailed plan in place to tackle this, for accessibility as well as safety reasons.

7.13 Network Rail's independent programme of market research at their managed stations is of great value to TOCs using those stations. The results and action plans in place to deliver improvements should be shared fully with TOCs.

7.14 The agreement of the current station operator is obviously essential should Network Rail propose expanding their managed stations portfolio. There should be no change in status unless greater passenger benefits would accrue, and no financial disbenefit should be experienced by the TOC. We also think that DfT might have a part to play in giving guidance on overall policy in this area.

7.15 (Linking to point (7) above) In terms of retail development, Network Rail's approach as a landlord to maintenance and repair issues is influential in ensuring TOCs have the ability to attract retail development at TOC managed stations. A poor approach to maintenance and condition of station premises can militate against securing new retail tenants and undermine the overall service "offer" being presented to passengers.

7.16 In terms of leverage of third party investment for station improvements, this should be considered an essential source of funding given the size, age and condition of the station portfolio. More should be done to encourage Councils and

other local organisations to perceive the station as gateway to their communities and acknowledge the importance of rail to their connectivity and therefore economic well being. Third party funding for stations should not be seen as a “nice to have” but as a legitimate area of spend for local public and private organisations.

7.17 Northern welcomes Network Rail’s plans to re-develop Manchester Victoria station and hope that delivery of a modernised and re-animated station can get underway as soon as possible.

7.18 The National Stations Improvement Programme (NSIP) provides an excellent opportunity for TOCs like Northern to work in partnership with Network Rail and third parties to deliver significant improvements at key stations. The Strategic Business Plan proposes that the remit of Local Delivery Groups (LDGs) should extend to all station works within the TOC portfolio, though initially focusing on NSIP. Widening the remit in this way will only be appropriate if the LDGs demonstrate real ability to drive the NSIP programme.

7.19 The over-arching principles of the NSIP initiative are well-founded, including the statement that station works will be delivered by the “most appropriate party”. Within the list of station improvements potentially covered by NSIP should be an over-riding aspiration to be as environmentally responsible as possible, for example using more sustainable materials in any station improvement work and reducing energy consumption.

7.20 The Access for All programme is also a “force for the good”, but at c£40M per annum funding across the country, the question is whether the sums are spread too thinly across such a huge portfolio of stations in the UK network.

7.21 The push for more standardisation (where appropriate) in stations and facilities is long overdue, and the example given of the different CIS systems in place at different stations is highly appropriate. The vision for a single customer information point at every station which contains a suite of customer information is laudable, but more detail is required of how this will be delivered over time, given the multiplicity of TOCs and the multiplicity of renewal and enhancements schemes underway at any point in time.

7.22 Northern support all the aspirations contained within the “Sustainability” section of the document. Any best practice employed at major stations around Sustainability Management Systems should be shared with TOCs.

7.23 The proposal that there should be a radical simplification of station charges, with the Long Term Charge (LTC) being set to zero and costs incorporated per Station Facility Owner within the Fixed Track Access charge needs further development. Greater reflectivity, transparency and simplicity are appropriate aims but the devil will be in the detail. The same applies to the stated aim of ending the Qualifying Expenditure (QX) regime at managed stations by moving to a fixed cost method of charging. The aspiration to ameliorate the unwieldy end-of-franchise dilapidations process is also to be welcomed. Much will depend on whether adoption of the Station Code will be helpful in reducing points of conflict.

8. Seven Day Railway

8.1 We recognise that the need for the seven-day railway stems from fundamental changes in the social and economic drivers that influence the way in which people wish to lead their daily lives. The demand for both passenger and freight transportation is now a seven day requirement. It is no longer acceptable to reduce train service frequency, have extensive diversions or resort to bus substitution as the mechanisms for enabling the railway to be maintained. In essence, the base solution to the seven day challenge is to have sufficient infrastructure capacity to enable the core infrastructure to be properly maintained.

8.2 We recognise this is a long-term strategic objective but are firmly of the view that the SBP must at least acknowledge it as a basic factor and start working towards its achievement. The provision of capacity is not only a question of enabling more and longer trains to be run but, critically, of enabling the railway to be maintained without the need for significant service disruption.

8.3 We therefore strongly support in principle the proposals for a seven day railway. However, we also believe that the seven day concept should be evaluated on a route-specific basis in terms of the demand requirement and route capability. For example, in the short to medium term it may not be possible to operate late evening services and provide for mid-week engineering access. In such cases, we would opt to run our full normal evening service and accept that some Sunday disruption is inevitable. For Northern the first step should be towards a six day railway and we wish to see further advancements in the efficient methods of renewals so that we can benefit from reduced engineering access time. For some of our routes a seven day railway would be preferable and we look forward to testing the business case to provide additional infrastructure investment that will enable a seven day service without detriment to late evening and early morning frequencies.

8.4 We recognise that the primary objective of the 7 Day Railway concept is to offer a consistent service to our customers on a Sunday without ad-hoc disruption for engineering work. The concept is based around increased mid-week access for engineering works to enable a near normal service to be offered on a Sunday. This will not only offer weekends free of disruption but also offer the potential of increased levels of service that will exploit the growing weekend market potential.

8.5 The requirement for additional mid-week access is based around 8 hour's access each evening between 2200 and 0600 of at least one line of a two track railway. The majority of Northern's operation is over two track railway and as a result most of our late evening services will require to operate under Single Line Working conditions. To accommodate this, changes will have to be made in the way that engineering works are carried out in parallel with trains running under single line operation on an adjacent line. Network Rail is likely to need investment in plant, equipment and manpower, in addition to changes in working practices.

8.6 It remains a matter of concern to us that the requirement for engineering access does not appear to reflect the route condition nor the profile of investment spend. For example, a route on which there has been significant investment should implicitly require less maintenance, particularly in the years immediately following. A trade-off

for the disruption often caused by an upgrade programme should be in the form of subsequently reduced maintenance.

8.7 The majority of the infrastructure that Northern operates over is not designed for bi-directional working and it is our opinion that even with our low frequencies of evening operation the infrastructure will not support the train service under single line operation. As a result standard pattern timetables will be forced to operate off pattern, leading to an inefficient resource plan and later arrivals onto depots and stabling points. To mitigate this effect Network Rail will be required to invest in additional signalling and cross-overs to support the single line working. If this is not forthcoming then there is potential for loss of revenue, an increase in Northern's operating costs, an increase in signal box operating costs and less time to maintain our fleet with consequential performance implications.

8.8 It will be necessary to establish that the additional revenue generated by consistent Sunday operation for Northern will generate a business case to justify the required investment to create the midweek access opportunities. We appreciate that the 7 day Railway Concept is likely to be more beneficial for inter-city TOCs. There may be a stronger case to apply this concept to some Northern routes when connectional journeys are taken into account, where an increase in longer distance journeys is only sustained if the journey is able to start/end from a Northern station. We have not been able to do the work to identify such opportunities at this stage and this work would require a joint exercise with other TOCs.

8.9 We do however believe that the 7 day railway is the right approach for the industry to take in the long term. We would support such a move provided sufficient funds were forthcoming to invest in infrastructure and support incremental operating costs without detriment to other investment schemes and proposed service enhancements that are required to deliver the increased capacity demanded by the HLOS.

8.10 We have recently attempted to apply the 7 Day Railway concept to the Settle & Carlisle line, but Network Rail believe that the nature of the line and its formation does not lend itself to works being undertaken under single line working conditions. As a result we are faced with considerable weekend disruption to our services for years to come. We believe that the best way to carry out engineering works on this and many of our routes is under blockade type possessions but this is not normally acceptable to the freight operators who share many of these routes. We have however, made considerable progress with Network Rail on the Settle & Carlisle and are moving towards a six day railway, through improvements in efficiency of renewals delivering greater output, whilst at the same reducing access requirements.

9. Community Rail

9.1 This is a very positive section within the SBP which we endorse. We welcome Network Rail's commitment to working positively with its community neighbours and particularly welcome its trial on adopting land which is within its ownership (and outside our lease). This will allow some of the more advanced station partnerships to undertake work in areas not normally accessible to the public but which are low risk.

However there will be a need to ensure a joined-up approach between ourselves and Network Rail rather than have two totally separate agreements. Each station partnership on Northern should have us and Network Rail as co-signatories with the partner body.

9.2 By way of an example, we would urge Network Rail to consider a further pilot 'Local Route Plan' for Esk Valley once the St Ives LRP is complete. We are already working with them and DfT on ideas for Esk Valley and there is an agreed need for a long-term vision which the LRP could package together.

9.3 We welcome Network Rail's approach in the area of making the most of railway properties: community uses for redundant buildings. We are of course already involved in several schemes involving properties in our own lease area. In some cases we have found NWR, at a local level, to be less than co-operative, with a tendency to see community groups in the same way as any other commercial body. Whilst we expect any community group planning to take on a lease to be a body of substance we (the industry) must recognize that it is unrealistic – and ethically wrong – to place undue burdens on their shoulders if they are not-for-profit or charities. We would ask ORR to provide funding mechanisms which act to encourage Network Rail to adopt this approach.

9.3 Track costs: we welcome the proposal to cascade serviceable materials to secondary routes. This may well permit installation of cwr on lines which need improvement but which are at the back of the queue (Bishop Auckland for example). (On a general point, we regard this as sound and established civil engineering practice which should not be confined to community rail routes.)

9.4 We are also pleased at the recognition that vegetation clearance is a customer issue – hard to promote a scenic route if all you can see is trees! Similarly some lines have had unnecessarily severe fencing standards imposed – there needs to be an assessment of likelihood of trespass and incursion onto the lineside by livestock, but a common sense approach which recognizes local circumstances.

9.5 Signalling; we welcome Network Rail's proposed strategy for signalling on secondary routes. Traditional signalling means the additional costs of opening a route (e.g. Sundays on Barrow – Whitehaven) can be prohibitively high. If Network Rail could develop simplified systems backed up by external investment in some cases, we could offer improved services to our customers. The SBP should facilitate making more use of signalling staff in boxes on or near platforms (as at Templecombe where signalling staff sell tickets). Possible examples on the Northern network include Silcroft, St Bees, Bootle, Foxfield and Nunthorpe.

9.6 Stations: it might seem a small point, but the high level of lighting required at some rural stations can be a costly item. Given that many rural bus stops have no lighting there should be scope for reduced standards at small stations, including use of solar panels. This could be done in consultation with local communities via the CRP. We would encourage the use of modular buildings and less expensive platform construction techniques. The Eco Station project with which we are involved is an example capable of wider adoption. We are committed to working with Network Rail on a more carbon-efficient approach to stations.

9.7 Minimising the cost of community railways: we support the principle of dedicated maintenance units and urge a pilot on some of our routes – e.g. Esk Valley or Cumbrian Coast (where they are possibly dedicated already). However, within this we want to see a multi-skilled and multi-functional workforce, capable of undertaking a range of infrastructure maintenance tasks including vegetation clearance etc. The gangs should have a relationship with the CRP officer and develop a sense of identity and ownership of their railway.

9.8 Specifically, we would encourage a flexible approach to platform heights including short sections of higher-level platform at stations with very low platform heights but also low levels of use e.g. small stations on Cumbrian Coast.

9.9 Encouraging local involvement - Community Rail Partnerships: whilst we recognize the substantial investment Network Rail has made in providing its own management resource to work with CRPs, we hope ORR will take account of the need for Network Rail to make modest contributions to the running costs of CRPs themselves. Currently, we are making a substantial contribution to funding CRPs alongside our local authority colleagues. Network Rail should be urged to make a modest contribution to core CRP costs – typically an annual contribution of say 10% of the total running costs of a CRP, which would be in the region of £5-10k per staffed CRP. Given that there are only about 30 fully-fledged CRPs in the UK this is not, in the grand scheme of things, a huge amount. The funding should be agreed on the basis of action plans accessible to ourselves and NWR as well as other funders.

9.10 Network Rail should be formal members of CRPs in the same way that TOCs are. Being a member of a CRP – even if it's a company limited by guarantee – is not onerous and their participation would be welcomed.

10 Rolling Stock

10.1 We have done a great deal of work on the development of specifications for new rolling stock. In the course of this, we have worked together with Network Rail to ensure that the wheel/rail interface issues have been comprehensively addressed. Any new vehicles should be as track-friendly as possible and we will continue to work with Network Rail to ensure that this is the case.

10.2 Tram Train/ Rolling Stock: we are already working with Network Rail on the joint Tram Train project. The outputs from the project will be relevant to the costs of operating rural routes.

11 Safety

11.1 TOCs working with RSSB to collate individual action plans to determine collective impact of plans to reduce overall risk to passengers and workforce – this is being collated through the Railway Strategic Safety Plan. Note that we have no additional funding provision to cover investment to reduce our proportion of risk. We would invite ORR to review this arrangement to ensure adequate funding is available.

11.2 TOCs have to demonstrate either duty of care or business case around lost time, claims, etc to fund investments to reduce our proportion of risk. We believe that the key issues surround Network Rail investment in improving the platform/train interface – primarily platform condition and stepping distance. In addition, asset repair and renewal on stations are critical areas. We believe that it is important to increase investment in station security measures, such as lighting and CCTV, which improves the asset condition, improves the customer environment, encourages revenue growth, and provides improved security.

12. Engagement with Network Rail

12.1 We approach all our working relationships with Network Rail in a spirit of partnership. We believe that this has been a productive way of doing business and that, even when we have particular problems to address, they are better resolved jointly and without being confrontational.

12.2 We have adopted this philosophy in the way in which we have tackled the SBP. We have had extensive discussions with Network Rail at a range of levels within their organisation. These exchanges have taken place throughout the initial business plan phase and subsequently. The relationships have been constructive, open and frank.

12.3 We are currently involved in the following Route Utilisation Strategies:-

North West (which is now established), ECML, Yorkshire & Humber, Lancs & Cumbria, Mersey and East Midlands (which is about to start),

We have found the RUS process to be well-managed, pragmatic and constructive. However, we do have a concern that the overall RUS workload is extensive and one which we (and probably Network Rail) are not fully resourced to discharge. We would therefore wish to see this fact recognised in the RUS schedule. It would also be beneficial for some funding to be made available to TOCs in recognition of the significant workload which RUSs generate.

12.4 We think that, with some modification to the composition of the group, the RUS could well be developed to become the strategic control mechanism for the delivery of the SBP outputs.

12.5 In this respect, it is important that the RUSs continue to function after the publication of the final report. This will facilitate effective working relationships between Network Rail and train operators and will provide a forum at which operators can have visibility of scheme progress and project delivery.

We hope these comments will be useful and would be delighted to meet with you to clarify or expand upon them if you so wish.

Yours sincerely

Heidi Mottram
Managing Director

Appendix A – Comments on Route Plans

Route Plans

In general we support the infrastructure and service change proposals contained in the various Route Plans and we are including the following comments to add further weight to the proposals;

Calder Valley – Bradford – Leeds

Services on the Oldham Loop are planned to be withdrawn by the end of 2009 for the conversion to Metrolink. We propose to enhance the future pattern of Calder Valley services upon the release of capacity currently consumed by Oldham Loop services. Turnback facilities at Rochdale and passing loop facilities at Todmorden are supported to achieve flow segregation. Similar facilities towards Leeds/Bradford at Hebden Bridge and/or Todmorden will be required to allow similar flow segregation towards Leeds.

Huddersfield

The strengthening of existing services between Huddersfield and Leeds; Huddersfield and Sheffield via Penistone; and Huddersfield and Manchester Victoria will require considerable changes to the infrastructure in the Huddersfield station area, where the existing bay platforms and platform sharing arrangements will be inadequate. At least one additional through platform will be required opposite the existing platform 8 and platform 1 will require lengthening.

Doncaster - Wakefield Westgate – Leeds

The strengthening of peak EMU services between Wakefield Westgate and Leeds will not be accommodated within existing platform lengths at Doncaster and Leeds and additional peak paths will be required to deliver this additional capacity, in addition to the strengthening of the existing diesel services from Sheffield to Leeds via Moorthorpe.

Leeds

The strengthening of peak services into Leeds in CP4 will not allow the current platform sharing on both bay and through platforms to continue. It will be necessary to modify service patterns to create more cross-Leeds services. This strengthens the case for the proposed East Leeds parkway station at Micklefield and for it to be the ideal location to turn back. This will potentially enable improved utilisation of the peak capacity with units making at least two peak workings into/out of Leeds.

Sheffield

The strengthening of Hope Valley services will mean that the current turn back in platform 2C will not be long enough. Platforms 3 and 4 are used to terminate trains to/from the Leeds and Doncaster directions and the current timetable requires two trains to occupy each platform at the same time. Strengthening of these peak services will require additional platform capacity.

Doncaster

Doncaster platform 5 will not be adequate to deal with strengthened services towards Sheffield.

Preston- Wigan – Liverpool

Peak services between Wigan NW and Liverpool Lime Street will require platform 6 at Wigan NW to be permissive to allow coupling/uncoupling of units.

Huddersfield – Manchester Victoria

The provision of the west-facing bay at Stalybridge independent of the route towards Manchester Piccadilly would allow flow segregation by the operation of additional peak Stalybridge – Victoria services.

Hadfield – Manchester Piccadilly

The strengthening of peak services on the Hadfield line will potentially create a 6 car formation that cannot be accommodated at any station en-route. It is not clear whether the signalling will allow a peak 4tph service. The scope of the proposed review of signalling and line speeds in the Dinting area should be extended to determine what would be required to deliver a 4tph peak service.

Buxton – Manchester Piccadilly

Services to/from Buxton and Hazel Grove will require formations in excess of four vehicles and consequential platform lengthening and/or SDO. The proposed re-modelling of Buxton to allow freight services direct access to the Hazel Grove route requires a full evaluation of the signalling headways to establish the potential capacity for freight on this route.

Manchester Piccadilly

The emerging timetable for December 2008 is suggesting that Manchester Piccadilly is close to capacity in the peaks and may not have sufficient platform capacity to accommodate all our current strengthened services. This will create a barrier to the operation of further strengthened services during CP4. Urgent work is required on the whole corridor between Piccadilly and Cheadle Hulme to identify capacity constraints and develop solutions.

Bolton – Blackburn

The route plan suggests that actions to address capacity on this line will be required in CP5; we believe there is a strong case for this to be examined in CP4 to exploit the potential for external funding.

Ormskirk – Preston

Mersey PTE has aspirations to extend electrification to Burcough Junction, a distance of only two miles with the provision of an end on connection at Burscough Junction. This will further assist the provision of a standard pattern hourly service from Preston on the branch and we believe that this scheme should be explored in CP4, with the potential re-instatement of the Burscough Curve in CP5.