

BACKGROUND TO THE EAST COAST MAIN LINE AND INTERCITY EAST COAST FRANCHISE

1 The East Coast Main Line

- 1.1 The East Coast Main Line (ECML) is one of two high-capacity north-south trunk routes that run between Scotland and London. Whilst not formally defined, it is broadly accepted as being the rail line from Edinburgh southwards via Newcastle, York, Doncaster, and Peterborough to London Kings Cross. The mainline from Leeds to Doncaster via Wakefield Westgate (often referred to the West Riding section) is also regarded as part of the East Coast Main Line.
- 1.2 Whilst the route serves an important function for long-distance Anglo-Scottish inter-city passenger trains, the InterCity East Coast franchise operates fewer than half the trains on the route. It is a multi-functional railway, accommodating many other local and regional services, together with freight traffic along various parts of its length. For the City Region this includes:
 - TransPennine Express services on the route north of York to Middlesbrough, Newcastle, and in future, Edinburgh;
 - InterCity Cross Country services north of York to the north east and Scotland, and also south of York and Leeds towards Sheffield, the midlands and south west;
 - open access operators:
 - Grand Central services between West Yorkshire, Doncaster and London;
 - Grand Central services between the north east, York and London
 - Hull Trains services between Hull, Selby, Doncaster and London.
 - Local services between Leeds and Doncaster / Sheffield via Wakefield Westgate.
- 1.3 The route's role in the "heavy-lifting" of commuter traffic into Leeds itself, and increasingly into Wakefield, Doncaster and York too, is vital to the economic success of the region, and to providing socially inclusive and sustainable access to work and education opportunities.
- 1.4 The last significant overall investment in the East Coast Main Line was electrification in the 1980s. However, this project included some network rationalisation that failed to anticipate the scale of growth that has since been experienced in both commuter and long-distance rail travel. This project included a new fleet of electric rolling stock, which remains the mainstay of the long-distance passenger services provided by the InterCity East Coast franchise today.
- 1.5 A number of incremental investments in the route have since secured capacity enhancements with a focus on segregating conflicting moves between long-

distance high-speed trains and local, inter-regional and freight services. These include the Leeds 1st project (2002), Allington Chord (2005), Kings Cross Platform 0 (2010), Hitchin Flyover (2013), upgrade of the parallel rail route between Doncaster and Peterborough (via Spalding and Lincoln) for freight traffic, Peterborough station remodelling and Doncaster North Chord (2014). These investments have accommodated continuing traffic growth, but have been trailing growing demand, rather than pro-actively planning for it.

- 1.6 A further package of infrastructure enhancements was proposed for delivery as part of the Network Rail Control Period 5 (CP5) programme from 2014 to 2019, collectively known as the 'East Coast Connectivity Fund'. Of these, only Doncaster Platform 0 has so far been delivered.
- 1.7 These infrastructure investments, together with others to accommodate the new Intercity Express Programme rolling stock, were a specified baseline for the operation of the current InterCity East Coast franchise from 2015, and underpin the minimum service requirements it contains.
- 1.8 These enhancements were (broadly) to allow the operation of six InterCity East Coast franchise services per hour on the ECML in and out of King's Cross in each direction from May 2019, and 13 InterCity East Coast train services every two hours from May 2020. This compares to the current baseline timetable of five InterCity East Coast services on the ECML per hour in each direction. In considering these figures, it is important to recognise the wide range of other services also accommodated on the route, including intercity open access operations and an increasingly high density of commuter services at the southern end of the route which are part of the Thameslink upgrades.
- 1.9 Accommodating future growth in rail traffic, and particularly reconciling the competing needs of intercity services with local, inter-regional and freight traffic remains a challenge. HS2 is part of the strategic response to dealing with this on the southern part of the route, although it will intensify the demands on the route north of York. It is evident that there is appetite to run more services on the route than there is planned capacity to accommodate. This is underlined by the various competing open access applications that have been made in recent years. Northern Powerhouse Rail, as well as HS2 Phase 2b, will further intensify pressure on the route north of York.

2 The InterCity East Coast franchise

- 2.1 The InterCity East Coast franchise provides long-distance inter-city services from London King's Cross on the ECML. The current franchise is operated by Inter City Railways Ltd, which is owned by Stagecoach (90%) and Virgin Group (10%), trading as Virgin Trains East Coast (VTEC). The franchise was awarded in November 2014 and commenced on 1 March 2015, with an intended term running to 31 March 2023 (eight years), with the option for a one-year extension to 31 March 2024 at DfT's discretion.

Figure 2.1 InterCity East Coast Franchise: Plan of proposed services (Mondays to Fridays) from May 2020



Source: Department for Transport

- 2.2 The franchise includes some through-trains beyond the core route from London to Lincoln, Hull, Bradford Forster Square, Skipton, Harrogate, Sunderland, Glasgow Central, Inverness and Aberdeen. More frequent through services to some of these locations are anticipated from May 2019, together with a new through service to and from Dewsbury and Huddersfield. New through services to Thornaby and Middlesbrough are anticipated from May 2020. Figure 2.1 shows a map of the services planned from May 2020.
- 2.3 The franchise is based on a specification put together by DfT in consultation with stakeholders, which also specified the use of new InterCity Express

Programme (IEP) trains procured by DfT. These trains have since been branded as 'Azuma' by VTEC.

VTEC's commitments in context

- 2.4 The train service improvements required by the franchise are set out in the body of the report. The extended timetable from May 2019 is enabled by the fact there will be additional trains, as well as anticipated upgrades to the infrastructure.
- 2.5 The existing rolling stock is summarised in Table 2.1, and the new rolling stock in Table 2.2, noting that not all trains are planned to be in service every day to accommodate routine maintenance and breakdowns. All the InterCity 125 diesel trains are currently expected to be withdrawn by 2020, with around six shortened InterCity 225 electric trains retained to operate fast London – Edinburgh services, although the scope of retained rolling stock could vary.

Table 2.1 Existing rolling stock in InterCity East Coast franchise

Train type	Configuration	Number of train sets	Carriages
InterCity 125 (HST)	9-coach diesel train (x14) 8-coach diesel train (x1)	15	134
InterCity 225 (Class 91)	9-coach electric train	30	270
TOTAL		45	404

Table 2.2 Anticipated rolling stock for InterCity East Coast franchise from 2020

Train type (all IEP)	Configuration	Number of train sets	Carriages
Class 800/1	9-car bi-mode diesel / electric	13	117
Class 800/2	5-car bi-mode diesel / electric	10	50
Class 801/1	5-car electric	12	60
Class 801/2	9-car electric	30	270
InterCity 225 (Class 91)	8-car electric (assumed)	6	48
TOTAL		71	497

- 2.6 The new rolling stock represents a significant increase in the total number of trains and number of carriages available to the franchise compared with the existing rolling stock. The additional trains create the opportunity to run more services and also to extend existing services beyond the core network with greater frequency.
- 2.7 The new rolling stock is already under test across the route and is expected to enter passenger service initially between Leeds and London from December 2018. Without either extensive modification or a derogation from the

regulations and requirements (relating to persons of restricted mobility, slam doors and controlled emission toilets) then the InterCity 125 stock will need to be withdrawn by 2020. It should be noted that the rolling-stock plans may well change, including as a result of doubts over whether Network Rail will provide upgraded electric power supplies in time.

- 2.8 A range of other improvements are written into the franchise, including (amongst others) enhancement and refurbishment to existing rolling stock (completed), enhancements to station facilities (ongoing) and improvements to online ticketing and passenger information. Some of these have already been delivered.

3 Background to the failure of the current franchise

- 3.1 The current franchise was awarded following a period of over five years operation by Directly Operated Railways, a subsidiary of the DfT. This was preceded by the failure of the earlier franchises let to GNER (failed 2006) and National Express East Coast (failed 2009). In summer 2017 Stagecoach confirmed as part of its preliminary results announcement that it was facing financial difficulties with the franchise, and that it was in discussions with the DfT regarding the terms of its continued operation.
- 3.2 As reported to Transport Committee on 12 January 2018, the Secretary of State for Transport made a statement to Parliament on 29 November that a new 'East Coast Partnership' would replace the current InterCity East Coast franchise from 2020. Whilst not explicit in the statement, it was clear based on statements made by Stagecoach that the balance of the franchise (until 2020) would be the subject of renegotiation with the DfT.
- 3.3 The Secretary of State for Transport made a further statement to Parliament on 5 February 2018 updating the position on rail franchising. This statement made clear the current franchisee had "overbid" for the franchise, and that the scale of losses to the operator would mean that the franchise will be terminated in 'a short number of months'. Industry sources indicate that ridership and revenue on the franchise have not risen at the high rates that VTEC's bid had assumed they would achieve.
- 3.4 The statement on 5 February 2018 further clarified that an interim management arrangement will be put in place comprising either a zero-profit management contract with VTEC or taking the franchise back 'in-house' under the DfT's statutory 'operator of last resort' powers, as happened following the collapse of the National Express East Coast operator.
- 3.5 As set out to Transport Committee on 12 January 2018, DfT proposes to replace the InterCity East Coast franchise with a new 'East Coast Partnership' from 2020. This was described in November 2017 as a long-term regional partnership between the public and private sectors, operated by a single management, under a single brand and overseen by a single leader covering passenger services and the network infrastructure. DfT anticipates procuring a private partner that will have a leading role in defining future plans for route infrastructure as well as delivery of intercity passenger rail services.

- 3.6 At the time of writing, DfT has not set out any further information on the likely structure of the proposed East Coast Partnership. There is now the opportunity to work with and through the Consortium of East Coast Main Line Authorities to seek to influence the potential shape of the new Partnership, with the objective of ensuring it meets the needs of the communities it serves.
- 3.7 Later in 2018 the Combined Authority can expect to be formally consulted on the structure of the Partnership and the services it will provide.
- 3.8 The collapse of the current franchise and the associated issues are subject to a series of investigations, including:
- Commons Transport Select Committee inquiry into rail infrastructure investment, announced on 10 November 2017;
 - National Audit Office investigation into the InterCity East Coast franchise, announced on 25 January 2018;
 - Commons Public Accounts Committee inquiry into Rail Franchising in the UK (examining the East Coast and Thameslink, Southern and Great Northern franchises) announced on 8 February 2018; and
 - Commons Transport Select Committee inquiry into the InterCity East Coast rail franchise, announced on 12 February 2018.
- 3.9 It is anticipated that these investigations will properly analyse the background to current situation and main lessons to be learned. The Combined Authority's focus therefore needs to be on what it wants to secure from the route and services in future.

4 Implications for Leeds City Region

- 4.1 The repeated failures of the private-sector franchises and consequent interim arrangements distracts managerial and stakeholder attention from the need to develop and implement a consistent long-term service strategy for the ECML. This is an ongoing concern, which the Combined Authority is addressing by stepping-up its engagement with and support for the Consortium of East Coast Main Line Authorities (ECMA). It also frames the proposed response to the East Coast Route Study. However, there are a number of short-term implications that arise for the City Region.
- 4.2 It is now widely acknowledged, including by the Secretary of State for Transport, that Stagecoach and Virgin overbid for the franchise, and this, rather than delays in infrastructure delivery, is the primary reason for the imminent failure. However, the intense media and political interest of recent months has also brought focus to the fact that many of the service enhancements expected from May 2019 and May 2020 will not be realised due to delayed delivery of anticipated infrastructure enhancements.
- 4.3 In light of the difficulty of piecing together a coherent picture of the issues, the Chair of the House of Commons Transport Committee wrote to each of VTEC

and Network Rail to seek clarity on this situation on 15 January 2018. The responses to these letters have since been published on the Transport Committee's website.

- 4.4 The VTEC response highlights that it had bid in accordance with the timetable and infrastructure requirements that were specified as a baseline for delivery to achieve the May 2019 and May 2020 timetables. This includes the majority of the schemes highlighted as part of the East Coast Connectivity Fund. VTEC states that (at best) it does not anticipate the infrastructure to accommodate additional services will be available until May 2021.
- 4.5 Notably, VTEC also identifies that it was an assumption at the time of the franchise bid that the route between Leeds and Huddersfield via Dewsbury would be electrified by the end of 2018, enabling the use of electric trains for the new through-service to and from Dewsbury and Huddersfield from May 2019. There is currently no clear date for when the railway between Huddersfield and Leeds will be electrified (if at all), subject to the Secretary of State's determination on the Trans-Pennine Route Upgrade, expected at the end of 2018.
- 4.6 It is possible to operate this service with the new IEP bi-mode electro-diesel trains using diesel power between Leeds and Huddersfield, although this will come at an opportunity cost of using these for another service off the core electric network elsewhere. However, the performance of these trains in diesel mode is inferior to their performance in electric mode (i.e. slower) and even to that of existing diesels, implying that running the service will take up more capacity on an already highly-constrained and busy part of the City Region rail network as a consequence. Confirmation of the position is awaited, but there is a risk that the trains may not 'fit' unless others (such as Trans-Pennine Express services) were withdrawn.
- 4.7 Vigilance about the structure of the proposed East Coast Partnership is required. As presented, it appears that it will bind the operator of the current InterCity East Coast passenger operation to the management of the infrastructure. Whilst this principle may appear sound at first glance, the fact that the ECML serves such a wide range of roles and operators will need to be carefully managed.
- 4.8 There are very few sections of the ECML where InterCity East Coast runs the majority of trains, let alone all of them. It is therefore difficult to see how this arrangement can work in practice, without the InterCity East Coast operator seeking to advantage itself at the cost of others such as Northern, Cross-Country and Trans-Pennine Express (in the case of Leeds City Region), plus freight and the open access operators like Grand Central who are in direct competition with InterCity East Coast. Conflicts of interest appear inevitable. This is a particular issue for Leeds City Region between Leeds and Doncaster, and also on the route north of York, but closer to London it also appears problematic given that London suburban services like Thameslink make up the majority of trains.