Dear Rob

East Coast Mainline

Since the Secretary of State’s announcement in late November that Virgin Trains East Coast’s (Vtec) current franchise agreement will end three years early in 2020, there has been much speculation and argument about the causes of what appears to be a third franchise failure in little over a decade on this part of the railway network.

It is widely acknowledged, including by the Secretary of State\(^1\), that the operator overbid for the franchise, and has subsequently experienced unforeseen external economic shocks.\(^2\) Delays to promised and planned infrastructure works—particularly those needed to bring the new Intercity Express Programme (IEP) rolling stock into service, with associated capacity and journey-time improvements (see below)—have also been cited by the operator and others as a root cause of Vtec’s inability to achieve its revenue projections and financial obligations beyond 2020 under its current agreement, making a contract renegotiation inevitable.\(^3\)

We have been unable from publicly available sources to piece together a clear picture of what works were promised, planned and subsequently delayed, and which delays might have substantially affected Vtec’s planning assumptions. In fact, Network Rail documents, such as the Enhancement Delivery Plan, last updated in December 2017, do not appear to indicate any missed outputs in relation to relevant projects to date (including “East Coast Capability for IEP” and “East Coast Power Supply Upgrade for IEP”). In the interests of open and transparent scrutiny I feel it is important to shed light on this.

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\(^1\) HC Deb, 10 January 2018, col 402

\(^2\) “Stagecoach says it has overpaid for East Coast rail contract as profitability plunges”, The Guardian, 29 June 2017

\(^3\) See, for example, “New agreement at VTEC expected ‘in months’“, Rail Business Intelligence, No. 548, 14 December 2017; “Inter-city East Coast re-booted”, Modern Railways, January 2018
On letting the franchise in 2014, the Department for Transport announced several service-improvement commitments, including:

- 23 new services from London to key destinations, with 75 more station calls a day;
- 3,100 extra seats for the morning peak time by 2020;
- across the entire train fleet there will be 12,200 additional seats—a 50% increase;
- 65 state of the art Intercity Express trains brought into passenger service from 2018, totalling 500 new carriages; and
- journey times from London to Leeds reduced by 14 minutes, and from London to Edinburgh by 13 minutes.4

We would be grateful if you could provide the following information in relation to infrastructure works on the ECML:

1. A list of Network Rail enhancement projects on the ECML, planned before or since the letting of Vtec’s current franchise in 2014, which are yet to be completed;
2. Of those projects, a list of those which are required to meet specific commitments made at the outset of Vtec’s current franchise;
3. For each of these projects, a clear timeline to completion, including the dates of any changes to the planned schedule since the letting of the franchise; and
4. Explanations for each change to planned completion dates for any relevant project since the letting of the franchise.

We would be grateful to receive this information no later than Wednesday 17 January.

I look forward to hearing from you.

Lilian Greenwood MP
Chair of the Transport Select Committee

4 “More seats, more services and new trains for East Coast passengers”, DfT press release, 27 November 2014
19 January 2018

Dear Lilian,

East Coast Main Line

Thank you for your letter dated 15 January regarding the East Coast Main Line (ECML) and the infrastructure work being delivered by Network Rail.

This is a very complex matter so I would firstly like to set out the context for Network Rail’s role in the franchise process from our perspective and outline the two distinct elements of the ECML infrastructure works, namely the Intercity Express Programme (IEP) and the East Coast Connectivity Fund as these are separately funded programmes aimed at delivering different outputs.

Intercity Express Programme

The ‘East Coast Capability for IEP’ and ‘East Coast Power Supply Upgrade for IEP’ are two programmes focused on delivering changes to the existing ECML infrastructure so that it is capable of operating the new IEP train fleet. The first aspect, ‘East Coast Capability for IEP’ largely consists of station platform extensions and what we refer to as gauge clearance, where we ensure that the existing infrastructure is able to receive the new trains; this has been completed along the ECML up to Edinburgh with the exception of the platform work at Edinburgh Waverley which is ongoing.

The second aspect of the ‘East Coast Power Supply Upgrade for IEP’ is aimed at providing enough electrical power (voltage) to the new trains through our Overhead Line Equipment. This programme is being delivered in two parts. The first part, referred to as PSU1, was for the route from Wood Green to Bawtry (south of Doncaster) and was completed in August 2017 to budget and programme. The second part of this is the power supply further north to Edinburgh, referred to as PSU2. The settlement for CP5 did not include the delivery of PSU2 and accordingly we have yet to commit to delivering the works and we presented options for design to the Department for Transport (DFT) in October 2017.
East Coast Connectivity Fund
The Network Rail Strategic Business Plan for CP5, the Office of Rail and Road (ORR) final determination and Network Rail Delivery Plan all refer to the East Coast Connectivity fund in the following way; Network Rail is to work with Industry to develop plans to deliver works with a maximum CP5 expenditure of £247m on the ECML to improve capacity and reduce journey times.

At the point the East Coast franchise was bid for and awarded, the East Coast Connectivity Fund was at an early stage of development and funding for delivery had not been committed to individual projects. Furthermore the East Coast Connectivity Fund had no specifically defined outputs in terms of quantum of increased capacity. The projects were all referred to as candidate schemes given their immature state of development.

This was made clear to all bidders in the information provided as part of the bidding process by Network Rail. It was also made clear that any capacity increases in the future would be a result of the combination of infrastructure enhancements, new rolling stock and a revised timetable, all agreed by the Industry through the ECML Programme Board.

Network Rail was not asked to endorse the final assumptions used by the successful East Coast bidders at contract award stage.

I note from your letter that you have not been able to view the original Network Rail Enhancement Delivery Plan (EDP) other than the updates that have been published since the review and rebasing carried out by Sir Peter Hendy.

As you will be aware, the ‘Hendy Review’ considered all projects including on the ECML and these are the dates we continue to work to and that updates we publish relate to. We have continued to work with all operators and the DfT to create a programme of work that delivers benefits for passengers as soon as possible. The management and delivery of those projects on the ECML is through the ECML Programme Board, chaired by the DfT and including Virgin Trains East Coast (VTEC). The programme board has continued to review and approve any changes. The ORR’s website includes the updates since June 2014 on the change control process (http://orr.gov.uk/rail/economic-regulation/regulation-of-network-rail/monitoring-performance/enhancements-monitoring).

With regards to the current status of the enhancement of the ECML, the table in Attachment 1 answers your questions as indicated.

The table includes:

- The list of all the projects on the ECML and is grouped in relation to the IEP programme and Connectivity fund (Question 1 and 2 from your letter).
- For each, the timeline is indicated, including at the time of the franchise award (original EDP), the revised Entry into Service date (EIS, The Hendy Review), and the current EIS projection and indication of where individual projects have been delivered (Question 3).
- For those with changes, a note explains the change (Question 4).
I hope that the information I have provided clarifies both our position and the status of the infrastructure works on the ECML.

Alongside this, we are focused on delivering a safe and reliable railway and my team has worked hard to ensure the track on the East Coast Main Line is more reliable than ever. We know we have work to do to prevent failures of ageing assets affecting our customers and continue to work and seek investment to further improve reliability.

To close, whilst we are working collaboratively with all operators who use the ECML (of which there are many) and the DfT on the continued enhancement of the ECML, we are looking forward to celebrating – with VTEC and the DfT - the arrival of the new Azuma trains later this year.

Yours sincerely,

Rob McIntosh
Route Managing Director, London North Eastern & East Midlands
Network Rail

Attachments:

1. ECML Enhancements - current status detailed in the December 2017 EDP
### Attachment 1 - ECML Enhancements current status detailed in the December 2017 EDP

<table>
<thead>
<tr>
<th>Enhancement</th>
<th>Status at time of bidding</th>
<th>Hendy Review EIS date</th>
<th>Current EIS date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Connectivity Fund:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Huntingdon-Woodwalton 4 Tracking</td>
<td></td>
<td>Dec 2020</td>
<td>Dec 2020</td>
</tr>
<tr>
<td>Peterborough Down Slow</td>
<td></td>
<td>Mar 2019</td>
<td>Mar 2019</td>
</tr>
<tr>
<td>Werrington Grade Separation</td>
<td></td>
<td>Dec 2020</td>
<td>Dec 2020</td>
</tr>
<tr>
<td>Doncaster Station enhancements</td>
<td>Not specified in EDP but implied during CP5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>York Station North Throat remodelling</td>
<td></td>
<td>May 2017</td>
<td>Completed on time</td>
</tr>
<tr>
<td>Northallerton-Newcastle Freight Loops</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>IEP Enabling projects:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Power Supply Upgrade Phase 1 (PSU1)</td>
<td>Aug 2017</td>
<td></td>
<td>Completed on time</td>
</tr>
<tr>
<td>National Grid connections</td>
<td>Aug 2017</td>
<td>Aug 2017</td>
<td>Completed on time</td>
</tr>
<tr>
<td>Platform Extensions</td>
<td>Aug 2017</td>
<td></td>
<td>Completed on time</td>
</tr>
<tr>
<td>Gauge clearance</td>
<td>Aug 2017</td>
<td></td>
<td>Apr 2018</td>
</tr>
<tr>
<td>ECML Booster Removals</td>
<td>Aug 2017</td>
<td></td>
<td>Aug 2018</td>
</tr>
<tr>
<td><strong>Others:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stevenage turnback</td>
<td>Sep 2018</td>
<td></td>
<td>CP6</td>
</tr>
<tr>
<td>Gordon Hill turnback</td>
<td></td>
<td>Dec 2018</td>
<td>CP6</td>
</tr>
<tr>
<td>ERTMS KX to Doncaster</td>
<td>Dec 2020</td>
<td></td>
<td>Project terminated</td>
</tr>
<tr>
<td>PSU2</td>
<td>Late CP5 and CP6</td>
<td></td>
<td>CP6</td>
</tr>
</tbody>
</table>

**Notes:**

**Status at time of bidding** – As part of the bidding process, bidders were informed in February 2014 via a presentation of the infrastructure enhancements that were being considered as candidate schemes to be delivered under the CP5 Enhancement Delivery Plan with relevant Programme Board papers and scheme sketches placed on the DfT franchise data site.

**Current Status** – Whilst we continue to work to deliver the projects in line with the above its must be noted that not all projects have Commit to Deliver status from the DfT and may therefore maybe subject to timing changes.
Agreed/proposed changes:

- 1 York North Throat has been assessed as not providing benefits to justify its AFC and has been proposed to be cancelled.
- 2 Northallerton-Newcastle Freight Loops are potentially to be deferred to CP7 with a decision to be made later this year following whole route modelling of a revised timetable.
- 3 IEP Gauge clearance – required an extension because the scope of Scottish gauge infringements required a competitive tender process to ensure they could be delivered within budget. No impact on IEP entry into service on ECML. [Change control approved May 2017]
- 4 ECML Booster Removals - delayed due to a combination of procurement, resource issues and additional modelling required but currently running ahead of schedule and expected to complete Apr 2018. No impact on IEP entry into service on ECML. [Change control was approved Nov 2017].
- 5 Gordon Hill has been agreed as not required by the TOC (GTR) and has been deleted from the EDP [Change control approved December 2017].
- 6 Digital Railway – Single Option Business Case (which remains subject to funding) currently proposes an outcome based whole life signalling programme, aligned with the impending CP6/7 renewals demand between KX and Peterborough, to achieve an end state (known as European Train Control System Level 2 no signals).