

## Application to the Office of Rail Regulation for a passenger track access contract under section 17 of the Railways Act 1993

### 1. Introduction

This form should be used to apply to the Office of Rail Regulation (ORR) for directions under section 17 of the Railways Act 1993 for a new track access contract. Section 17 is the means by which those seeking the right to use a railway facility (including Network Rail's network) apply for compulsory third party access if they have failed (for whatever reason) to reach agreement with the facility owner.

Where an applicant wishes to submit an application direct to ORR and have ORR conduct the industry consultation on its application, this form should be completed fully before submission to ORR. Alternatively, where an applicant wishes either to request Network Rail (for applications where it is the facility owner) to conduct a pre-application consultation or to conduct a pre-application consultation itself, this form should be completed up to section 7.4 before carrying out a pre-application consultation. The remainder should be completed after the consultation, before applying to ORR for directions under section 17.

The form sets out our standard information requirements for considering such applications. It cross-refers throughout to our criteria and procedures (C&Ps)<sup>1</sup> and, where appropriate, to the Industry code of practice for track access application consultations (the Code of Practice)<sup>1</sup>. The C&Ps explain the process and timing for our consideration of access applications and discuss the issues we will need to consider. Applicants should use the published model passenger track access contract as their starting point when drafting the contract they would like<sup>2</sup>. Applicants are strongly encouraged to read the C&Ps and the Code of Practice before making an application.

It is very important that the application is made in good time and prospective applicants are strongly advised to read (and if necessary take advice on) the procedures which are laid out in the Railways Act 1993 and the C&Ps in this respect. We will be happy to discuss prospective applications.

A copy of this form, and of ORR's model track access contract, can be accessed electronically and downloaded via the ORR website ([www.rail-reg.gov.uk](http://www.rail-reg.gov.uk)).

### 2. The application

#### 2.1 Title of proposed contract:

Track Access Contract between Grand Central Railway Company Limited (Grand Central) and Network Rail (Blackpool to London Euston)

#### 2.2 Contact details (*Company and named individual for queries*):

<sup>1</sup> *Criteria and procedures for the approval of track access contracts*, Office of Rail Regulation, 27 November 2008, available at <http://www.rail-reg.gov.uk/server/show/nav.202>. The Code of Practice is set out in Annex A of the C&Ps.

<sup>2</sup> This is available at <http://www.rail-reg.gov.uk/server/show/nav.202>.

Company: Grand Central Railway Company Ltd  
Contact individual: Tom Clift  
Job title: Managing Director  
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Telephone number: 01904 461370

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E-mail address: tom.clift@grandcentralrail.com

C&P  
para(s)  
**3.9-3.14**

**2.3 Licence and railway safety certificate:** please state whether the applicant intends to operate the services itself or have them operated on its behalf

Please state whether the proposed operator of the services (a) holds a valid train operating licence under section 8 of the Railways Act 1993 or an exemption under section 7, and (b) has a valid safety certificate under the Railways and Other Guided Transport Systems (Safety) Regulations 2006. If the answer to (a) or (b) is no, please state the point which the proposed operator has reached in obtaining a licence, exemption and/or safety certificate (as the case may be)

Grand Central will operate the services.

- a) Grand Central holds an operating licence under section 8 of the Railways Act 1993
- b) Grand Central holds ROGs safety certificate Parts A and B, valid for 5 years from 01 July 2009. Furthermore, NRAP certificate numbers NRAP/075/76/s and NRAP/806/14/s are held for class 180s and HSTs respectively.

Should other classes of rolling stock be utilised, then the NRAP certificates will be obtained for those classes before commencement of operations.

### 3. The proposed contract

**3.1 Executive summary:** please provide an executive summary of the proposed contract. This should cover the services, the commercial terms, and the applicant's reasons for seeking the contract in the terms proposed. The summary in this section should also explain (here or by cross-reference to the answers in the sections below): **3.22**

- where there is an existing agreement in respect of the services in question, any differences between the existing agreement and the proposed contract (e.g. calling patterns, frequency, routes, rolling-stock, commercial terms etc); **3.92**
- any aspects in which the proposed contract contains bespoke provisions departing from the published model track access contract and the charging, performance and restrictions of use regimes established through ORR's periodic review (or subsequent interim reviews) of access charges; and **2.32-2.38**  
**6.2-6.3**
- any material safety risks that have been identified arising from the proposed contract and the arrangements for their control and mitigation (by reference to the provisions of the facility owner's safety authorisation and the train operator's safety certificate). **4.9-4.11**

**EXECUTIVE SUMMARY**

Our vision for our West Coast services is to introduce the people of the North West to the friendly, good value, locally orientated service that our passengers from the North East and Yorkshire have come to expect and which earns industry leading levels of passenger satisfaction.

We aim to provide at least 4 trains per weekday in each direction. Our proposed weekday timetable is outlined below.

Stop	Departure Time				
Blackpool North		08:14	11:14	14:14	17:14
Poulton Le Fylde		08:21	11:21	14:21	17:21
Kirkham & Wesham		08:31	11:31	14:31	17:31
Preston		08:42	11:42	14:42	17:42
Hartford	06:00	09:24	12:24	15:24	18:24
Lichfield TV	06:39				
Tamworth	06:46	10:11	13:11	16:11	19:11
Nuneaton	06:58	10:26	13:26	16:26	19:26
London Euston	08:05	11:31	14:31	17:31	20:31

Stop	Departure Time				
London Euston	08:33	12:33	15:33	19:33	21:33
Nuneaton	09:51	13:51	16:51	20:51	22:46
Tamworth	10:02	14:02	17:02	21:02	22:58
Lichfield TV					23:05
Hartford	10:53	14:53	17:53	21:53	00:01
Preston	11:26	15:26	18:26	22:26	
Kirkham & Wesham	11:34	15:34	18:34	22:34	
Poulton Le Fylde	11:45	15:45	18:45	22:45	
Blackpool North	11:54	15:54	18:54	22:54	

We are seeking rights to operate a similar service pattern on a Saturday as outlined below.

Stop	Departure Time				
Blackpool North		08:15	11:15	14:15	18:15
Poulton Le Fylde		08:21	11:21	14:21	18:21
Kirkham & Wesham		08:31	11:31	14:31	18:31
Preston		08:42	11:42	14:42	18:42
Hartford	06:00	09:24	12:24	15:24	19:24
Lichfield TV	06:39				
Tamworth	06:46	10:11	13:11	16:11	20:11
Nuneaton	06:58	10:26	13:26	16:26	20:26
London Euston	08:05	11:31	14:31	17:31	21:31

Stop	Departure Time				
London Euston	09:33	12:33	15:33	18:33	
Nuneaton	10:51	13:51	16:51	19:51	
Tamworth	11:02	14:02	17:02	20:02	
Lichfield TV					
Hartford	11:53	14:53	17:53	20:53	

Preston	12:26	15:26	18:26	21:26	
Kirkham & Wesham	12:34	15:34	18:34	21:34	
Poulton Le Fylde	12:45	15:45	18:45	21:45	
Blackpool North	12:54	15:54	18:54	21:54	

We are seeking rights to run 3 paths per day in each direction on a Sunday, as outlined below.

Stop	Departure Time				
Blackpool North			11:15	14:15	17:15
Poulton Le Fylde			11:21	14:21	17:21
Kirkham & Wesham			11:31	14:31	17:31
Preston			11:42	14:42	17:42
Hartford			12:24	15:24	18:24
Lichfield TV					
Tamworth			13:11	16:11	19:11
Nuneaton			13:26	16:26	19:26
London Euston			14:31	17:31	20:31

Stop	Departure Time				
London Euston		12:28	15:28	18:28	21:28
Nuneaton		13:51	16:51	19:51	22:46
Tamworth		14:02	17:02	20:02	22:58
Lichfield TV					23:05
Hartford		14:53	17:53	20:53	00:01
Preston		15:26	18:26	21:26	
Kirkham & Wesham		15:34	18:34	21:34	
Poulton Le Fylde		15:45	18:45	21:45	
Blackpool North		15:54	18:54	21:54	

It also remains a core aspiration of Grand Central to provide a call at Milton Keynes Central in these services to fill the current gap in provision of direct services from the northern Home Counties to the North West (as recognised in the West Coast RUS). A valid stop can be accommodated within these paths at xx:07 for northbound services. For southbound services, we have identified that a stop at xx:58 could be accommodated within the current timetable, but that this would require a small amount of flexing of existing West Coast services.

Thus we will be bringing the benefits of direct services to London to the stations of the Fylde peninsula and Hartford, plus vastly improving middle of the day services between London and the Trent Valley. Our proposed service between Milton Keynes and the North West also fills a much needed gap in current services by creating a direct, fast, good quality link between the northern home counties and the North West. These new services can be introduced in 2012, well before any alternative proposals that depend upon major investments for their delivery.

All of our economic and revenue appraisal work, the WC RUS, and numerous previous economic analyses have identified Blackpool as the location in the North West that would be most attractive for new services to London. The RUS has also identified northward links from Hartford and links between Milton Keynes and the North West as key gaps in the existing WCML train service pattern and there are no current plans to fill these.

With a population of 340,000 people living on the Fylde Peninsula, and home to one of the most popular tourist resorts in the UK, our proposal to offer a direct service from London to Blackpool fills a notable gap in the existing provision of rail services in the UK. The town of Blackpool has been lobbying hard for a direct service to London, and the 2006 West Coast Strategy Review

recognised this gap in service, but was unable to identify a solution with the existing franchise model due to unavailability of non-electric rolling stock, or the requirement for significant infrastructure investment. Therefore, while the existing franchise model is unable to deliver this requirement, GC is proposing a solution to provide this direct service within two years.

Through direct services, we will be able to stimulate significantly greater levels of demand for rail travel from the London and Midlands area into the Blackpool and North West area, in the same way that we have achieved in the North East area with our services on the East Coast Main Line. Our experience on this route has shown that introducing a new direct, fast, value for money service to London, while ensuring industry-leading levels of customer service does stimulate significant growth in rail travel. Rail demand to London from stations where we have introduced a direct service to London is now over [3x] times greater than before the start of Grand Central operations on the East Coast.

Through these services, we would promote rail travel throughout the local areas served to help stimulate demand and encourage passengers from alternate modes of transport. For the London market in particular, our services will provide an alternative to the need to drive to nearby larger stations such as Preston or Crewe to catch a direct service to London, thus providing socio-environmental benefits to these areas in terms of reduced levels of road congestion and pollution.

By re-introducing a fast direct service between the Trent Valley/North West Home Counties and the North West (which has been adversely affected by the recent timetable changes), our proposal will help promote rail as a cheaper and quicker alternative to travel on the already congested road systems of the M1 and M6.

This application is structured as an application by Grand Central Railway Company Ltd (GC), and follows on from our previous proposals under the auspices of Grand Union Railway Company Ltd, a sister company of Grand Central. GC operates two routes along the ECML and is recognised as having achieved industry leading levels of customer satisfaction. GC has an established suite of back office services to support its operations, as well as a track access contract and [Safety Certificate parts A and B [through to 30 June 2014]]. The Grand Central West Coast Services (GCWCWS) would be supported by these established staff, systems and processes, mirroring and using them all to support the new operations.

The GCWCWS would be resourced from Blackpool, creating more than 40 good quality permanent jobs (see Appendix 4 - Draft Manpower Plan, with maintenance being provided by existing depots on the WCML route).

We anticipate operating the GCWCWS with locomotive hauled Mark 3 carriage stock, initially in rakes of 5 coaches. This stock is still widely regarded as a passenger favourite and will allow us to optimise the on-board environment. There is a significant existing UK fleet of this class that is not being used for passenger service or will become available by 2012. Once specific units have been allocated by their owners we anticipate refurbishing the passenger environment so that it meets or exceeds the standard that GC's existing North Eastern customers have come to expect. Traction will initially be provided by Class 67 locomotives at the north end of the rake with Class 82 driving van trailers at the south end. This formation has been chosen to mitigate noise and pollution effects at Euston, and ease coupling and through power issues. Once the Blackpool to Preston route has been electrified and passenger volumes are established we would switch to electric locomotives and longer rakes of coaches (see appendix 3 for more detail).

In the medium term, once the business is proven, and has become profitable, it is anticipated that a significant investment would be required to further enhance or renew the rolling stock fleet

to ensure that the GCWCS business has access to stock that can continue to operate beyond 2019. It is likely that such investment would have to be committed around 2015 or 2016 to ensure a robust solution is place by 2019. It is this interplay of the need to prove the business and to attract investment to provide a long term rolling stock solution that drives the need for initial seven and a half year track access rights.

[<del>]

At the GCWCS stations we would catalyse various improvements and have set aside [<del>] in the Outline Financial Case to part or wholly fund some of these or act as seed corn funding to help instigate some of them (see Appendix 5 - Draft Station and Infrastructure analysis) that we have identified as part of our station survey work, these include improved cycling, parking and customer information facilities. We would also hope to attract additional external matched funding for these initiatives. These improvements will benefit all customers using these stations, but will of course depend on the willingness of the SFO, Network Rail and other stakeholders to work with us.

**3.2 Terms not agreed with the facility owner:** please set out here those specific areas of the proposed contract which the applicant has **not** been able to agree with the facility owner, the reasons for the failure to agree and the reasons for seeking these provisions

3.92

Grand Central and Network Rail have discussed the proposed contract. Network Rail is awaiting ORR's decision on capacity allocation before agreeing any proposed contracts. Network Rail's position statement is included in Appendix 8

**3.3 Departure from ORR's model passenger track access contract:** please set out here, with reasons, any areas where the drafting of the proposed contract omits, amends or adds to ORR's published template passenger track access contract (as appropriate, cross-referencing to the answers below). Wherever the proposed contract contains a new process (e.g. a self-modification provision) ORR will wish to see a flowchart illustrating that the process is robust, internally consistent and leaves no loose ends

2.32-2.38  
6.2-6.3

The draft Track Access Contract (Appendix 7.2) is based on the drafting of the current Grand Central Track Access Contract for Bradford – London services that was directed by ORR, and includes Relevant Schedule 8 Modifications provisions in Schedule 11

**3.4 Duration of contract:** please state the commencement date sought for the proposed contract, and provide justification for the proposed duration (in particular, giving reference to ORR's policy on long-term access contracts<sup>3</sup> where contracts would be for longer than five years)

4.73-4.79

The commencement date for the proposed contract is the supplementary change date in May 2012, and running up to the Primary Change Date in December 2019. The duration (7 years

<sup>3</sup> *Long-term access contracts: final conclusions*, Office of Rail Regulation, June 2005 available at <http://www.rail-reg.gov.uk/upload/pdf/240.pdf>

and 7 periods) is justified as follows:

1. As is demonstrated in the Outline Financial Case (Appendix 1) this proposal shows a small overall cash break-even by the year [X]. The total cash required by this investment peaks at more than [X]. We feel that an overall cash return on such an investment is necessary, and if the contract were to run to an earlier date than we have included, such a return could not be generated.
2. The investment required by a long term, post 2019, rolling stock strategy will require a proven, sustainable business before it can be committed.
3. This period of time is required to justify the proposed capital investment of [X] for station enhancements.

#### 4. The expression of access rights and the consumption of capacity

**4.1 Benefits:** please set out what specific benefits will result from the proposed contract. In particular, **4.30-4.38** please describe any new rights sought or significant changes in the pattern of services, their benefits to passengers and their impact on existing operators

Grand Central propose to run at least 4 return workings each day between London Euston and Blackpool North calling at the following stations.

- Blackpool North
- Poulton Le Fylde
- Kirkham & Wesham
- Preston
- Hartford
- Tamworth
- Nuneaton
- Milton Keynes Central \*
- London Euston

\* Based on the existing timetable, it proves difficult to path a stop at Milton Keynes southbound. However, it remains a core aspiration of Grand Central to call at this station if this stop can be accommodated in the timetable to fill the current gap in provision of direct services from the northern Home Counties to the North West.

The proposed Grand Central service will provide passengers living on the Fylde peninsula with a direct rail service to London for the first time since 2003. There is a population of around 340,000 people living on the Fylde peninsula who currently have no local direct rail link to London.

Currently the only option available for travel to London is to travel via Preston (either via car or local rail service). However, as highlighted in the Lancashire and Cumbria RUS “passengers using Preston station as a means of accessing the greater network are often faced with additional interchange issues, Platforms 1, 2, 5 and 6 at Preston station are narrow and prone to congestion at peak times due to lack of circulation space”. The RUS also highlights a survey carried out by Passenger Focus which outlined a number of problem areas at this station including disabled access, car parking and customer information systems. Therefore, provision of a direct service, thus removing the requirement to use Preston station would be an attractive proposition.

For the local area of the Fylde Peninsula, providing an option which encourages passengers away from travelling by car to Preston to catch direct trains to London will provide additional socio-environmental benefits in terms of reducing levels of road congestion (and associated pollution level benefits) both in the local area, and particularly into the centre of Preston towards the rail station.



Blackpool also remains the UK's most popular seaside tourist resort, as well as being a regular conference location, yet has no direct rail service from London and the Midlands. We believe our proposed service would stimulate growth in travel by rail to this popular destination. We note that the investment in electrification of the Blackpool line in 2014 has been retained following the publication of the Government spending review, which would enable existing Operators to provide a direct rail link to London. The significant advantage that our proposal offers is that we would enable this service link to be introduced in 2012, without needing to wait for this enhancement to be completed.

Our proposed stop at Hartford would provide an alternative fast service into London for people living in south Cheshire. Existing fast services operate from town centre stations such as Crewe. Hartford would provide an attractive alternative in terms of accessibility to a relatively large surrounding catchment area, given the good road links into the station. This station could be compared to Eaglescliffe on the East Coast route which has seen vast growth in demand since its introduction, mostly drawn in from the surrounding area.

One of the core problems with the current timetable as identified in the WCML RUS is that journey opportunities to both London and the North West from stations in the Trent Valley in the off peak have been adversely affected. Passengers now experience either longer journey times, or the requirement to interchange to complete their journey. Our proposal will address this gap in service.

The option of a call at Milton Keynes and so re-introduce direct rail links between the northern home counties and the North West also provides a great benefit to passengers, and fills another gap identified in the WCML RUS, for which a solution has not yet been identified.

Re-introducing a direct fast rail link between the Trent Valley/North West Home Counties and the North West would also enable Grand Central to promote rail as a cheaper, quicker and 'greener' alternative to travel on the already congested road systems of the M1 and M6

The proposed service will bring the same benefits that are recognised by current customers on the Grand Central services operating on the East Coast Mainline. Grand Central are currently recognised as one of the industry leaders in terms of customer satisfaction, where passengers fully recognise and appreciate the value for money, comfort and high levels of customer service provided. The Grand Central 'brand' is now clearly identified with on the East Coast by our passengers, and the benefits we bring to the market from our services have led to a strong build up of brand loyalty from our passengers. Our vision is to bring this same level of service to the people of the North West of England.

**4.2 Congested infrastructure:** please state whether the part(s) of the network to which this application relates have been declared congested by the facility owner, under regulations 23-25 of the Railways Infrastructure (Access and Management) Regulations 2005<sup>4</sup> **4.82-4.83**

Network Rail has not declared any part of the infrastructure over which this application relates as congested.

<sup>4</sup> These regulations are available at <http://www.opsi.gov.uk/si/si2005/20053049.htm>

**4.3 Adequacy:** please set out to what extent and by what process (if any) the applicant has satisfied itself that there is sufficient network capacity for the services in the proposed contract, and the implications for overall network performance and the facility owner's maintenance and renewal activities **4.17-4.40**

We have commissioned the services of Simon Pilkington of PRA Railway Operations, who was the main developer of the current West Coast timetable whilst working for Network Rail, to construct our proposed timetable. We believe this timetable is fully compliant with the Rules of the Plan, and fits well into the current West Coast timetable with only very minimal flexing of existing Operator's services required. Full details of this timetable are outlined in Appendix 6

**4.4 Flexing rights:** please provide a general description of the extent of the facility owner's flexing rights in the proposed contract, the rationale for the extent of flex provided, including changes from that in any existing agreement in respect of the services in question, and the extent to which the provisions have been agreed with the facility owner **2.25-2.31**

These new open access services are planned in detail to deliver departure times and journey times that meet the needs of the markets we are proposing to serve. We have developed a draft timetable and supporting resource plan, recognising that there are not many opportunities to create these new paths. The proposed rights in the draft TAC are specified by 30 minute departure time ranges from the originating station for all the slots shown in Table 8.3, and Maximum Journey Times shown in Table 6.1. We believe that this will provide the facility owner with adequate flexing rights

**4.5 Protected rights and obligations:** please describe the extent to which the proposed contract contains any protected rights and/or protected obligations (i.e. protection from subsequent amendment of the Network Code under Condition C8), and explain the justification for the form and extent of protection sought by reference to ORR's criteria **4.69-4.70**

No such rights and obligations are sought.

**4.6 Journey time protection:** please describe the extent to which the proposed contract affords journey time protection to any services (by establishing maximum journey times, fastest key journey times or maximum key journey times), and explain the justification for the form and extent of protection sought by reference to ORR's criteria **8.90-8.103**

The applicant seeks the Maximum Journey Time protection shown in Table 6.1, which it believes will be adequate, in conjunction with the Departure Time Ranges to provide the facility owner with adequate flexing rights and the applicant with the minimum protection it requires for the services to be commercially viable since prospective passengers will need to be satisfied that the direct service will not take appreciably longer than a train journey involving a change of train and/or that the journey time is not appreciably longer than that by private car or coach. The proposed values are calculated by the applicant and are consistent with the applicant's proposed timetable.

GC considers that experience on other routes means that these protections are essential for a

minority operator.

**4.7 Other limitations on flexibility:** please describe the extent to which the proposed contract contains any other restrictive obligations on the facility owner (e.g. regular service intervals, clockface departures etc), and explain the justification for any such provisions by reference to ORR's criteria **4.69-4.70**

The applicant is not seeking any additional limitations on the facility owner beyond those described in 4.4 and 4.6 above

**4.8 Specified equipment:** where the proposed contract contains changes to specified equipment (rolling stock), please give full details, including timescales, and the extent to which the vehicle and route acceptance procedure in the Network Code (Part F) has been completed **8.87-8.90**

We are currently evaluating a number of rolling stock options and intend to narrow this down in the near future. It is not realistic to finalise the choice until certainty about a Track Access Contract is clear.

Our current preferred initial option is Class 67 locomotive, Mk3 coaching stock, plus DVT  
Further detail is given in our rolling stock strategy (Appendix 3)

In terms of vehicle and route acceptance, whilst no formal detailed discussions have taken place with Network Rail we do not anticipate any problems

**4.9 Moderation of competition:** where applicable, please describe the extent to which the proposed contract seeks contractual protection from the introduction of competing services on specific flows, and explain the justification for such protection by reference to ORR's policy on moderation of competition **4.41-4.44**

Grand Central does not seek protection from competition.

**4.10 Franchise obligations:** please explain the extent to which the services in the proposed contract are necessary to fulfil obligations under a franchise or concession agreement **4.3-4.4**

As an Open Access Operator, Grand Central would have no franchise obligations.

**4.11 Public funding:** please state whether (and if so to what extent) the services in the proposed contract are subject to financial support from central or local government (other than the Department for Transport or Transport Scotland), including Passenger Transport Executives, and provide a point of contact at that body

3.37  
4.22  
4.35-4.40

There is no Public Funding for these services.

**4.12 Passenger Focus:** please state whether (and if so to what extent) the services in the proposed contract have been discussed with Passenger Focus, and provide copies of any relevant correspondence

4.40

The content of this application has not yet formally been discussed with Passenger Focus or other Stakeholders. In line with ORR's desire to maintain an orderly application process we have to date decided that it would not be in the industry's best interest to communicate unrealistic expectations to stakeholders. However having established our Outline Financial Case and submitted this application we now intend to begin to discuss and further refine our proposals with all stakeholders.

**4.13 Route utilisation strategies (RUSs):** if applicable, please also state which RUSs (including the Freight RUS) are considered relevant to this application and whether the proposed rights are consistent with that RUS. If the proposed rights are not consistent, please state the reasons for this.

4.5-4.8

The WCML RUS is considered most relevant to this application.

The West Coast Main Line Route Utilisation Strategy (WCML RUS) is due to be published in June 2011. Ahead of this, papers from the Stakeholder Management Group are available which provide an update on gaps identified in the process.

The WCML RUS has identified a number of passenger needs that our proposals would directly address. These are:

1. The provision of direct services from Blackpool to London. Several economic studies have concluded that this is likely to be the most beneficial use of track capacity;
2. The provision of services northwards from Hartford to the Warrington and Preston area would fill a gap in current service provision, although the RUS appears to currently favour providing a link from Hartford to Liverpool, thus leaving this gap unfulfilled;
3. The provision of faster journey times from Lichfield and Tamworth to London and the North West is an identified gap in the RUS; and .
4. The prospective market for direct services between Milton Keynes and the North West is an unaddressed need in the RUS process. There is no easy way for passengers to travel from Milton Keynes to the North West in any plans envisaged by the RUS. Such a

service is needed to provide an alternative to road travel.

The West Coast Main Line Strategy Progress Report published by the DfT in May 2006 outlines that the town of Blackpool had lobbied for the implementation of direct trains to London Euston in the 2009 timetable, but that diesel fleet could not be made available to cover existing Preston trains which might have been extended on to Blackpool. However, the report makes clear that the possibility of implementing through trains to Blackpool should be kept under review. The Blackpool line electrification scheme has survived the Government Spending Review which would help achieve this stated aim, and the advantage of our proposal is that it would enable the introduction of these direct services 2 years ahead of this scheme being complete, thus providing the town of Blackpool with the service it needs.

## 5. Incentives

**5.1 Charges and performance:** please set out, and explain the reasons for, any instances where the proposed contract departs from the charging and/or performance regimes established by ORR's periodic review (or subsequent interim reviews) as reflected in ORR's model passenger track access contract, including the financial implications (e.g. establishment of an access charge supplement or rebate) **5.1-5.43**

The proposed contract does not depart from the charging regime established at the last periodic review (for CP4) as that applies to open access operators.

The proposed Schedule 4 includes compensation for Type 3 Restrictions of Use, and Sustained Planned Disruption and no Access Charge for Restrictions of Use will be payable by the applicant.

The proposed Schedule 8 is in model contract form. Initially the Appendix 1 will contain estimated values, and the parties will use the provisions of Schedule 11 (see 3.3 above) to create firm values based on the first year's performance.

The applicant and Network Rail will aim to agree that the Access Charge Supplement for Restrictions of Use (ACSRU), (Schedule 4 Part 5) will apply. Schedule 8 adopts the performance regime in the model contract (subject to the insertion of benchmarks and to the operation of Schedule 11 as explained at 3.3 above). The applicant therefore considers that the financial implications for Network Rail will be entirely consistent with the last charging review (or subsequent interim review). We will aim to agree with Network Rail to use the first year's performance as the basis of agreeing a benchmark, using Schedule 11 of the Track Access Agreement.

**5.2 Train operator performance:** please describe any planned initiatives associated with the operation of the services in the proposed contract aimed at improving the applicant train operator's own performance **4.27-4.35**

As a new operation there is clearly no current benchmark to improve on. However all our plans are predicated on a highly performing punctual railway. We will carry out a number of activities during the mobilisation of the business to ensure that this punctuality is delivered.

Key to this will be reliability modifications to rolling stock, robust training of drivers and operational staff in the mitigation of delay due to equipment failure, and working with SFOs at stations where the GCS will call to minimise delays.

Train performance will also be a significant influencing factor in the final selection of rolling stock maintenance arrangements. We will set up a detailed performance monitoring system and develop an appropriate level of performance initiatives and JPIPs.

**5.3 Facility owner performance:** please describe any planned initiatives associated with the operation of the services in the proposed amendment aimed at improving the facility owner's own performance.

4.27-4.35  
5.1

As part of the introduction of the Blackpool Service Group Network Rail and Grand Central will develop a performance risk matrix and from that identify appropriate performance mitigation measures.

**5.4 Monitoring of services:** would all services covered by this application be monitored for performance throughout their journeys, consistent with our policy in paragraph 5.48 of the criteria and procedures? If not, please state what the justification for this is in line with the permissible circumstances described in paragraph 5.49 of the criteria and procedures.

5.48-5.53

No changes to the model passenger contract Schedule 8 provisions are sought under this proposed agreement.

Furthermore the parties can confirm that the Blackpool Service Group will be monitored for performance throughout the journey.

**5.5 Restrictions of use:** please describe and explain the reasons for any instances where the proposed contract departs from the restrictions of use (possessions) compensation regime established by ORR's periodic review of access charges and his subsequent interim review of the possessions incentives regime

5.69-5.81

No changes are proposed.

## 6. Enhancement

**6.1 Enhancement details:** where the proposed contract provides for the delivery of any network enhancements, or the services in the proposed contract are predicated on any planned network enhancements, please give full details of the relevant enhancement schemes, including a summary of outputs from the scheme, timescales and the extent to which the network change procedure in the Network Code (Part G) has been completed (where appropriate, by reference to submissions made under ORR's enhancement reporting framework)

3.109  
4.81

No network enhancements are proposed in this application.

**6.2 Enhancement charges:** please confirm that the arrangements for the funding of any network enhancements are consistent with ORR's Policy Framework for Investments<sup>5</sup>, and summarise the level and duration of payments, and the assumed rate of return (see chapter 3 of the Conclusions document)

Not Applicable.

## 7. Other

**7.1 Associated applications to ORR:** please state whether this application is being made in parallel with, or relates to, any other current or proposed applications to ORR (e.g. in respect of track, station or light maintenance depot access contracts or agreements)

Not applicable

**7.2 Supporting information:** please state here any further justification or relevant information in support of the application, including a list and explanation of any other material being submitted (and supply copies with the application)

The following appendices support this application:

1. Outline Financial case [Redacted]
2. CDL revenue reports [Redacted]
3. Rolling Stock Strategy [Part Redacted]
4. Draft manpower plan
5. Draft Stations and Infrastructure
6. PRA Timetable Report
7. Summary and marked up version of the proposed Track Access Contract , based on that already in use for Grand Central's West Riding services [Clean Redacted copy provided]
8. Letters of support from prospective suppliers [Redacted]

**7.3 Side letters and collateral agreements:** please confirm here that the whole of the proposed contract between the parties has been submitted with this application and that there are no side letters or other documents which purport to qualify or otherwise affect the proposed access contract

The applicant confirms that the whole of the proposed contract between the parties has been submitted with this application and that there are no side letters or other documents which qualify or otherwise affect the proposed contract,

<sup>5</sup> The Policy Framework for Investments documentation is available at <http://www.rail-reg.gov.uk/server/show/nav.190>.

**7.4 Confidentiality exclusions:** where applicable, please explain clearly what elements of the application have been excluded, on the grounds of confidentiality, from the version of the proposed amendment sent to consultees for the pre-application consultation process (if undertaken). Alternatively, where an application has not been subject to pre-application consultation, the applicant should state what elements of the application and proposed amendment they would wish ORR to exclude from publication. **3.27-3.32**

In excluding, or seeking the exclusion of, any information, the applicant should have regard to the grounds of confidentiality specified in section 71(2) of the Railways Act 1993, and provide a full justification for each instance by reference to those statutory grounds. Further guidance is provided in the Code of Practice. Subject to its decision on such exclusions, it is ORR's intention to publish this application and the proposed contract on the ORR website. (NB under the process established by Schedule 4 of the Railways Act 1993, ORR is obliged to send a copy of the application **in full** to the facility owner)

**Code of Practice:  
17-20**

Except where marked, there are no elements in this application form which the applicant would wish to exclude from wider consultation on the grounds of confidentiality specified in s71(2) Railways Act 1993 ("Exclude").

However, we would like all the appendices listed in section 7.2 of this application to be Excluded. The grounds for Exclusion is commercial confidentiality, related to the applicant's business case and its methodology for establishing the market economics to which s71(2)(b) applies.

There are no areas of the proposed contract that GC would wish to Exclude with the exception of areas of Schedule 4 and 8 which will be derived from the applicant's projected revenues. Again the ground for exclusion is commercial confidentiality. These areas to which s71(2)(b) applies are also commercially sensitive for purposes of the Freedom of Information Act.

If required, a redacted version of this application and the proposed contract can be supplied

**Note: Where a pre-application consultation is to be undertaken in line with the Code of Practice, the remainder of this application should not be completed until after that consultation has been completed**

## 8. Pre-application consultation

**8.1:** Has a pre-application consultation been carried out in line with the Code of Practice? If yes, please:

- state whether Network Rail or you (the applicant) conducted the consultation;
- list all train operators, franchising authorities and other parties that were consulted, stating which parties, if any, made representations (other than nil returns) and attach their responses and any associated documentation to this form; and
- state the period allowed for the consultation and, if this was less than 28 days, please explain the reasons for this.

If a pre-application consultation has not been carried out, please explain what informal discussions have been held with those third parties who might be affected by this application and the nature of any concerns raised.

No pre application consultation has taken place. In line with ORR's desire to maintain an orderly application process we have to date decided that it would not be in the industry's best interest to communicate unrealistic expectations to stakeholders. However having established our Outline Financial Case and submitted this application we now intend to begin to discuss and further refine our proposals with all stakeholders. We will now start to engage in detailed

**Code of Practice:  
10-15  
35-41**



one to one discussions with key stakeholders on the Fylde Peninsular, such as the local authorities and M.P.s and then with other stakeholders at open presentations. We will repeat this process in Cheshire and the Trent Valley.

**8.2 Resolved issues:** please detail any issues raised in response to the consultation that have been resolved to the satisfaction of the consultee. You may wish to refer to responses attached to this form.

**Code of Practice:**  
**45-46**

Consultation has not yet taken place

**8.3 Unresolved issues:** please detail any issues raised in response to the consultation that have not been resolved to the satisfaction of the consultee, including any correspondence with that consultee. You may wish to refer to responses attached to this form. Please explain why you do not think these issues should preclude ORR's approval of the application.

**Code of Practice:**  
**47**

Consultation has not yet taken place

**8.4:** Please explain any aspects of the application that have changed as a result of the consultation and why they have changed.

Consultation has not yet taken place

**8.5:** Please list here any further information being provided to ORR to support the application that was not made available to consultees in any pre-application consultation held as part of this application and listed in section 7.2. If the applicants wish ORR to consider excluding this information from subsequent publication they should justify why the information is of a confidential nature, following the guidance provided in section 7.4 above.

Consultation has not yet taken place

## 9. Certification

*Warning: Under section 146 of the Railways Act 1993, any person who, in giving any information or making any application under or for the purposes of any provision of the Railways Act 1993 (including section 17), makes any statement which he knows to be false in a material particular, or recklessly makes any statement which is false in a material particular, is guilty of an offence and so liable to criminal prosecution* **3.36**

I certify that the information provided in this form is true and complete to the best of my knowledge

Signed ..... Date .....

Name (in caps) .....TOM CLIFT..... Job title .....MANAGING DIRECTOR.....

For (company) .....GRAND CENTRAL RAILWAY COMPANY LTD

## 10. Submission

### 10.1 What to send:

Please supply, in hard copy, the signed top copy of this application form, one copy of the proposed draft contract, with copies of any documents incorporated by reference (other than established standard industry codes or other instruments) and any other attachments, supporting documents or information. **3.35**

Please also supply the application, the proposed contract and, insofar as it is possible, any other supporting information, in electronic form, by e-mail or on disc, **in plain Microsoft Word format** (i.e. excluding any macros, auto-para or page numbering, or other auto-formatting). **3.33-3.34**

### 10.2 Where to send it:

Manager, Track Access Team  
Directorate of Access, Planning and Performance  
Office of Rail Regulation  
One Kemble Street  
London  
WC2B 4AN

ORR Passenger Form S17 February 2009