INFORMED SOURCES e-Preview February 2015

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This month's column has a gloomy prognosis for the year ahead, flanked by exclusive analyses of the Virgin Trains East Coast premium profile and Intercity Express Programme costs. They're exclusive only in the sense that no one else can be bothered to ferret out the information to do this sort of thing!

VTEC profile highlights IEP cost
IC225 out in blaze of glory
ORR warnings presage year of crises
IEP charges update

Thanks to Stagecoach, I was able to side-step the usual arm-wrestling with the Department for Transport over premium profiles, and make an early start with some financial analysis of the new Virgin Trains East Coast (VTEC) franchise. In addition to the VTEC profile, I also plot the East Coast payments on the same graph at current prices to show the longer term trend. This reveals that VTEC is aiming to replicate the impact of Virgin's 2008 West Coast High Frequency timetable on the East Coast from 2019 onwards.

Talking of IEP, the VTEC premium profile confirms my predicted financial impact of DfT's expensive total train service provision deal. With IEP deliveries starting, in 2018-19, the rising profile stalls and then dips in 2019-20, before climbing away again with the introduction of the full-house May 2020 timetable

Virgin's commitment to generate sufficient revenue to pay both these extra rolling stock costs and increasing premia at the same time, looks pretty heroic. By the end of the franchise premium payments are forecast to have more than doubled.

IC225 to run to 2019
Time to correct an error in last month's analysis of the VTEC franchise where I said that delivery of the nine car electric Hitachi Super Express Trains (SET) to replace IC225 would be completed by October 2019, while the new shorter journey time/higher frequency/more destinations timetable would be introduced in May 2019.

This anomaly, which I should have spotted earlier, would see VTEC short of nine car electric SETs for the Anglo-Scottish market in particular. A check with Hitachi also revealed that completion of the nine car EMUs is now scheduled for February 2020.

Stagecoach's ever helpful PR clarified this apparent mismatch.
Basically VTEC doesn't want to wait for all its new fleet to be available before improving services.

Initial deliveries of the Super Express Trains (SET), combined with completion of certain infrastructure enhancement works, will allow VTEC to introduce two trains per hour to Edinburgh throughout the day, improved journey times on London to Leeds services plus additional services to Newcastle, Leeds, Bradford, Lincoln and Harrogate plus new destination, Huddersfield, in the May 2019 timetable.

To cover these services the IC225 fleet, plus some IC125 High Speed Trains, will continue running into 2019, before being progressively replaced by SETs during the year. Further accelerations will follow in May 2020 when the full IEP fleet is available.

Continued operation of 'some' IC125 sets is a surprise, but as the IC225 'pocket rocket' proposal suggests, the Stagecoach/Virgin team has come up with an innovative rolling stock strategy. This includes depending on IC225 for its flagship services, including the headline four hour London-Edinburgh timing, during 2019. There are some run simulations in the column which show not much difference in sectional timings between an IC225 and a nine car SET on the East Coast Main Line.

ORR chides 'disappointing' Network Rail
There was a moment of farce early in December, when ORR Chief Executive Richard Price wrote a stroppy five page letter to Network Rail Chief Executive Mark Carne. Mark copied the letter to NR's Members because ORR correspondence is published on its web site.

But no sooner had the letter been circulated than ORR said 'Oops, it was only a draft stroppy letter'. But when it was finally posted on the ORR website I couldn't see any changes. Posted at the same time was an almost identical stroppy letter from ORR Chair Anna Walker to her opposite number at Network Rail.

So there was a whole lot of stroppin' goin' on. And the serious message from the letter, combined with other issues I describe, is that 2015 is going to be pretty grim for the railways. This is not good in an election year.

Overall, according to Mr Price, the first six months of the new CP5 have proved 'very disappointing'. And that was 'even against the revised performance plan agreed for the first two years of CP5'. Revised downward, naturally.

Mr Price then ran through his areas of concern, starting with performance, which is not where it should be. On renewals, volumes delivered in the first eight periods of the current year are in the 50% or below target range for five out of seven categories.

As for maintenance, Mr Price writes, 'on the basis of what you have reported we cannot distinguish between deviations from your planned volumes and inaccuracies in your data'.

On enhancements Mr Price is studiously vague, referring only to a number of milestones missed in the first six months. From its Reporters on the ground ORR must know which enhancement programmes are at risk, but with an election weeks away, perhaps this was not the time to frighten the political horses.

In his covering note to members Mr Carne reiterated that NR is 'suffering' from an increasingly constrained and congested network, 'with over a million extra passengers a week in the last year, mostly at peak times'. He likened the significant programme of capital investment to be delivered, to performing 'open heart surgery on a live network', which makes the task of running a reliable railway that much harder.

He concluded 'Right now, tens of thousands of our people are preparing for our biggest ever Christmas improvement programme, which will involve 11,000 people out working on 2,000 sites night and day over the festive period'.

Overruns
As it turned out the period was less than festive, with the Kings Cross and Paddington over-runs providing Labour's shadow Transport Secretary Michael Dugher MP, incidentally Stephen Byers' special adviser when Railtrack was taken down, with an easy target. First, the disruption was linked to the 'fat cat bonus scandal' trope, which segued over the following days into 'Ticket Vending Machine fares rip-off-, concluding with the traditional New Year's fares increase media outrage.

As the one Executive Director not away on holiday, NR's Operations Director Robin Gisby stepped into the breach at Kings Cross, or, rather, Finsbury Park, and was duly scapegoated, even being blamed for the engineering over-runs in the absence of the Managing Director Infrastructure Projects

While NR and the Transport Secretary have subsequently tried to quarantine the over-runs at Kings Cross and Paddington from the rest of the Christmas work programme, I fear that they were symptomatic of an industry and its contractors under stress. Signalling is already in crisis, with schemes being put back.

The Welsh Government has 'serious reservations' over NR's ability to deliver projects 'and the cost overruns that are going on elsewhere'. The delayed Cardiff Area resignalling is Exhibit A.

Next, to come will be official confirmation that major projects are running late and costing more, with the focus on electrification. The column includes a Government statement on the latest project costs and status.

This includes an estimate of £1.7 billion for the Great Western Main Line electrification. Wiring from Paddington to Bristol plus the branches to Newbury and Oxford is supposed to commissioned in time for the December 2016 timetable. This is now less than two years away and looks increasingly unlikely, for a number of reasons which I analyse.

Nor is there any wriggle room. The new fleet of Intercity Express Programme Trains is due to replace Great Western's IC125 fleet starting in 2017.

Despite all this, DfT's Permanent Secretary Philip Rutnam gave some very un-Sir Humphrey like hostages to fortune when appearing before the Transport Committee on 15 December. He was quizzed repeatedly on the possibility of delays to the electrification programme and assured the Committee 'On the Great Western main line, it has got to the point where I can say that we get very clear reassurance from Network Rail that it will deliver to time'. Keeping on digging, he added that while costs may have gone up 'the commitment to schedule remains absolute'.

In her parallel letter to NR Chairman Richard Parry Jones Anna Walker noted: 'On enhancements, we are still at an early stage in CP5 but some critical milestones have been missed'. She added, 'I am sure Network Rail's Board will also be reviewing progress against the agreed targets and milestones for CP5. I suggest we meet again at the end of the first year of CP5 (in April or in May 2015) to hear your assessment of progress in the crucial areas'.

Hmm, April or May? A report waiting on the new Transport Secretary's desk as he comes into his office, or after he's had time to read him, or herself, in?

IEP costs clarified
While I was less than kind last month about DfT's continuing, and irrational, obfuscation over the annual charges under the Thameslink Total Train Service Provision deal, I can't fault Transport Minister Claire Perry's response on Intercity Express Programme costs. Following a letter from Lord Berkeley reporting my on-going frustration at the lack of transparency Ms Perry 'requested' her officials to carry out 'an additional, special one-off model run' to provide the annual payments at 2014 prices.

Over the past couple of years I have been trying to compare the costs of DfT's 27.5 year total train service provision deal with the real world cost of leasing and maintaining similar rolling stock. My first attempt, using DfT's own figures, showed that IEP would be twice the cost of a Class 390 Pendolino.

I sent this analysis to the National Audit Office in December 2012, which resulting in the NAO inquiry into Thameslink being expanded to include IEP. The report on this inquiry triggered an investigation by the Public Accounts Committee which was published on 17 December 2014 and was highly critical of DfT's procurement of IEP in particular.

Of course, while I blew the whistle in good time to influence the East Coast fleet, the job of the NAO and the PAC, as has been said of accountants, is the equivalent of roaming the battlefield, counting the dead and bayonetting the wounded.

Anyway, we need to remember that DfT is buying diagrammed sets from Agility Trains, not a fleet of trains. So to allow comparison on an apples-with-apples basis, I convert the set availability charges into the cost per diagrammed vehicle per month.

My sums show that the East Coast Main Line IEP fleet, which benefited from cheaper finance, plus a desperation bid from Hitachi to beat off the IC225 re-engineering threat for the electric stock, is still around £11,000 per diagrammed vehicle per month more than actual Class 390 costs. Lots more detailed numbers in the column.

Roger's blog
The new year started well with a research trip for Modern Railways' up-coming supplement on Wabtec, covering Brush Traction at Loughborough and LH at Burton. So not only two factory tours in one day but factories full of locos, rolling stock and even test beds with diesel drive-trains having pre-delivery runs.

Travel to Loughborough was by East Midlands Trains. The complimentary sausage butty for 'light breakfast' is recommended.

Brush was as absorbing as ever. Mustn't pre-empt the March magazine, but the highlight of the visit was the re-engineered Class 73 Electro-Diesels with the new MTU diesel engine fitting nicely into the engine room.

Then it was over to Burton for my first visit to LH. This included a crash course in DMU underfloor power pack recognition. I was getting the hang of it by the end of the guided tour.

Then back to Loughborough for the return train home and an early arrival at St Pancras. Voyagers both ways – first stop Leicester going and a ‘stopper’ coming back. Must work out the average speed of the fast service.

Next Friday, 30 January, the Fourth Friday Club meeting incorporates the Golden Whistles for operating excellence, and, as with the Golden Spanners, there is a morning conference on the theme ‘Operating a successful railway’ with some high calibre speakers. Details from 4thfridayclub@gmail.com.

February is pretty quite at the moment, but I don’t expect it to stay that way for long.

Meanwhile, last month, apropos the new Eurostar Velaro, I asked whether the misalignment of seats with windows mattered to readers. And the e-mails poured in. Obviously those who don’t feel strongly are unlikely to take the trouble to respond, but the response, with detailed comments, shows that being able to see out of the window is clearly a priority for Modern Railways readers.

My ‘Sentimental Journey’ piece at the front of the January magazine, also brought feedback from several fellow East Coast Main Line aficionados. Reader David Preston posed an interesting challenge – how far can you get in the first hour of a journey?

In the 1990s he was a regular user of the 17.00 King’s Cross-York non-stop service and his record was around 112.25 miles. Timetable experts might like to nominate their top current 100 mile plus in the first hour runs.

On a separate matter, does anyone have a list of Railtrack’s fixed Track Access Charges paid by individual TOCs for the first five years of privatisation (1996-2001)? I had the list once but can’t find it. ORR and Network Rail archives can’t help either. So I’m depending on readers to enable me to complete the premium profile record for the privatised Intercity East Coast.

Now to start writing up my factory visits. A welcome change from regulatory issues for me – and you!

Roger