



# Rail Executive

██████████  
Head of Franchising and  
Development  
Abellio Greater Anglia  
One Stratford Place  
Montfitchet Road  
London  
E20 1EJ

██████████  
COMMERCIAL MANAGER  
DEPARTMENT FOR TRANSPORT  
RAIL EXECUTIVE  
SOUTH, EAST AND LONDON MARKET  
GREAT MINSTER HOUSE  
33 HORSEFERRY ROAD  
LONDON  
SW1P 4DR  
DIRECT LINE: ██████████  
DIVISIONAL ENQUIRIES: 0207 944 8300  
Mobile : ██████████  
██████████@railexecutive.gsi.gov.uki

Web Site: [www.dft.gov.uk](http://www.dft.gov.uk)

21 May 2015

Dear ██████████

## **Application by Abellio Greater Anglia Limited under Section 17 of the Railways Act 1993**

Following our earlier conversation, I set out the Department's position with regard to the current access arrangements in place between AGA and Stobart Rail Limited.

Following extensive commercial discussions, the Department agreed that the previous franchisee – National Express East Anglia – enter into the current unique arrangements to share rail ticket revenue with Stobart, in order to allow Stobart to make a return on their investment in the station. This revenue share was considered to be appropriate recognising the available spare capacity on trains, and Stobart's growth predictions for the airport at that time.

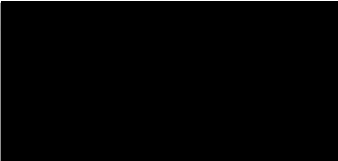
However, the airport has proved very successful, exceeding growth predictions. Rail passenger growth has also continued to exceed expectations – both in terms of airport passengers and local train users - and - together, these demand pressures are now building to create a position where additional capacity is required. The current revenue share mechanism has fulfilled its purpose of facilitating the development of Southend Airport and its station, but it does not provide for the development of a business case to further enhance train capacity through infrastructure or rolling stock initiatives. With the airports still forecasting significant growth, it is clear that total demand will exceed capacity in the medium term.

The Department strives to provide capacity to meet passenger demand regardless of its origin, investing where affordable and justified, but it is unacceptable that an increased investment burden should fall on the taxpayer in this instance, while preferential "start up" commercial arrangements on revenue share favour the airport operator.

Stobart's have been very successful in establishing Southend Airport as a regional facility, and it has assisted in easing some of the aviation capacity pressures in the South-East.

The Department acknowledges that the train services to the airport are still designated as experimental, which technically implies that Stobart do not have the assurance of continuity of service. Given the success of the airport, and if it would assist in the ORR's deliberations, the Department could consider bringing forward the experimental service designation date.

Yours sincerely

A large black rectangular redaction box covering the signature area.A smaller black rectangular redaction box covering the name area.