

APPLICATION TO THE OFFICE OF RAIL AND ROAD FOR A PASSENGER TRACK ACCESS CONTRACT, OR AN AMENDMENT TO AN EXISTING CONTRACT

Use this form to apply to the Office of Rail and Road (ORR) for a passenger track access contract, or an amendment to an existing contract by a supplemental agreement, under sections 17-22A or the Railways Act 1993.

It sets out ORR's standard information requirements for considering applications. Our [track access guidance](#) explains the process, timescales and the issues we will consider. Please read the guidance before completing the contract and this form.

If the facility owner and beneficiary have agreed terms, the facility owner should fill in the form. If not, the beneficiary should fill in the form.

A pre-application industry consultation is usually required before submitting an application. Please see the industry [code of practice for track access application consultations](#) for more information.

This form should be completed up to section 9 and sent to consultees along with a copy of the proposed contract or supplemental agreement. Sections 9 and 10 should be filled in after the consultation and before applying to ORR.

We are happy to talk to you informally before you apply. Please contact us [here](#). You can download a copy of this form, and of our model track access contract, from our [website](#). Please ensure that you are using the latest version of this form as published on our website. We may ask for applications which have not used the latest version to be resubmitted.

You may also use and adapt this form if necessary to apply to use railway facilities other than those of Network Rail. Do not use this form for HS1, for which a separate form is available on our [website](#).

1. Application Summary

1.1 Beneficiary company name:

Alliance Rail

1.2 Facility owner details:

Network Rail:	<input checked="" type="checkbox"/>				
Region:	Southern <input type="checkbox"/>	Eastern <input checked="" type="checkbox"/>	North West & Central <input checked="" type="checkbox"/>	Wales & Western <input checked="" type="checkbox"/>	Scotland's Railway <input checked="" type="checkbox"/>
Other Facility Owner:	<input type="checkbox"/>	Please state:			

1.3 Application under the Railways Act 1993 section:

17	<input checked="" type="checkbox"/>	18	<input type="checkbox"/>	22	<input type="checkbox"/>	22A	<input type="checkbox"/>
				Supplemental Number:			
				Current contract date:			
				Current contract expiry date:			

1.4 Applicant status:

Public Service Operator	<input type="checkbox"/>	Public service contract start date:	
		Public service contract end date:	
Open Access	<input checked="" type="checkbox"/>		
Charter Operator	<input type="checkbox"/>		

1.5 Executive summary of the proposed contract or amendment:

This application is seeking to link the capital cities of Wales and Scotland with a new direct intercity service calling at a number of major locations across the UK. Work has been ongoing for some months to evaluate capacity, and Network Rail and the ORR were advised of these aspirations in May 2023, with information shared with the DfT in June. Both the ECML ESG and Wales ESG are aware of this aspiration.

We note the recent announcement regarding the CrossCountry (XC) extension which includes one extended service to Cardiff (from Edinburgh), and are pleased that, belatedly, the industry can see the value in additional services to this important location - in much the same way as GWR has with its own extensions to Carmarthen from London.

Cardiff is currently one of the most poorly connected major cities in the UK, with limited direct rail connections to the midlands and the north of England, with no connections at all to the north-east of England or Scotland.

With the recent significant mileage and fleet reductions announced by XC, Alliance is looking to reinstate some of that mileage, improve connectivity, increase passenger carrying capacity and reduce fares through the provision of some limited competition.

Proposed commencement date:	December 2025
End date:	December 2032
Date approval or directions wanted by:	June 2024

1.6 Industry consultation:

Who carried out the consultation?	Network Rail		
Consultation start date:	13 October 2023	Consultation end date:	13 November 2023
Not carried out	<input type="checkbox"/>		

1.7 Applicant details

<u>Facility Owner</u> Company: Network Rail Contact name: Job title: Address: Waterloo General Office, LONDON, SE1 8SW Phone: E-mail:	<u>Beneficiary</u> Company: Alliance Rail Ltd Contact name: Ian Yeowart Job title: Managing Director Address: Riverside Lodge, Fulford, YORK Phone: [REDACTED] E-mail: [REDACTED]
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1.7 Date of application to ORR:

2. Licence and railway safety certificate

2.1 Please state whether:

- you intend to operate the services yourself; or
- have them operated on your behalf.
 - if so, please name the proposed operating company:

2.2 Does the proposed operator of the services:

- (a) hold a valid train operating licence under section 8 of the Railways Act 1993 or an exemption under section 7, **and**
- (b) hold 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 reached in obtaining a licence, exemption and/or safety certificate.

If approved, we will work to ensure we have the necessary licences and safety certificates in place prior to operations.

3. The proposed contract or amendment

3.1 Application overview: Please detail the proposed contract or amendment. This should cover the services, the commercial terms, and the reasons for making the application in the terms proposed. This information should be laid out clearly and concisely, and fully highlight the changes from the previous version of the contract (in the case of an amendment).

Alliance is looking to introduce a new direct intercity rail service linking the Welsh capital Cardiff with the Scottish capital Edinburgh. Discussions with numerous stakeholders have indicated the importance of such a service in improving connectivity, while providing much needed additional seating capacity on the cross-country route as well as the introduction of some important limited competition to stimulate growth as has been seen on the ECML. 5 services a day in each direction are planned.

The service will call at a number of major locations, offering end to end direct services but also providing many new direct journey opportunities while also speeding up services. The calling pattern proposed is:

Cardiff Central
Newport
Severn Tunnel Junction (then via Chepstow to)
Gloucester
Birmingham New Street
Derby
Sheffield
Doncaster
York
Newcastle
Edinburgh

The service is proposed to start using off lease 125mph diesel rolling stock, potentially moving to new bi-mode (or other) rolling stock after a number of years of operation. 125mph stock is necessary to maintain timings on the ECML and currently Network Rail has advised that no further electric traction can be accommodated on the northern section due to electric power supply issues.

As is now evidenced on the ECML, the introduction of competition has achieved a number of things. It has increased ridership significantly, increased overall industry revenue, increased choice and made travel more affordable. At the same time also seeing an improvement in passenger satisfaction. Between Jan-Mar 2023 ridership levels on the ECML were significantly above pre-pandemic levels and it is also reported that recent entrant LUMO is exceeding expectations. By contrast XC had recorded lower ridership levels, although its timetable has been curtailed.

As well as seeing a reduction in its fleet miles, XC will also see the withdrawal of its fleet of 7 coach HSTs from the route, although a further 7 x 5 car Class 221 will be leased to try and offset some of the lost seating. XC is a busy and often overcrowded railway - despite its current poor passenger recovery levels - and while some additional rolling stock is welcome it will do little more than retain the status quo when put alongside the loss of the 7 coach HSTs.

This application is the first open access intercity service not focusing on London, but the inclusion of Britain's 2nd city Birmingham, the provision of around one million additional seats annually, along with many new direct journey opportunities provide a compelling case for its introduction.

Unlike previous applications there is a need for further passenger carrying capacity on the cross-country route, and currently circumstances prevent that from happening. Alliance will deliver that with its planned service while also improving connectivity for a significant number of locations. At a time when there is significant pressure on public finances, the introduction of this service will enable the railway to continue to grow and provide stability as passengers continue to return to the railway, particularly as some competitive pressure will make fares more affordable, a key issue at any time, but particularly during a cost of living crisis.

The service will pay the Infrastructure Cost Charge (ICC) as directed by the ORR, so will be paying very significant total track access charges to use the network.

Initial passenger accommodation in off-lease rolling stock would be improved, and the longer-term plan is for a major rethink of passenger accommodation in any future new build rolling stock to more suit longer-distance travel if the application is approved.

An initial term of 7 years is sought to reflect the initial investment in upgrading and introducing off lease rolling stock which includes planned investment in both the short and medium term. 5 return services between the regional capitals are planned each day, except Sunday when four are planned.

Maintenance of the rolling stock is expected to be under a train service agreement (TSA) with the locations determined by the stock chosen. We are in discussion with a number of ROSCOs who have suitable rolling stock.

There are significant passenger benefits from the introduction of this service, not least providing a large number of additional seats. The following stations would have new regular direct links:

Cardiff:

to Sheffield, Doncaster, York, Newcastle and Edinburgh

Newport:

to Sheffield, Doncaster, York, Newcastle and Edinburgh

Severn Tunnel Junction:

to Birmingham, Derby, Sheffield, Doncaster, York, Newcastle and Edinburgh

Gloucester:

to Sheffield, Doncaster, York, Newcastle and Edinburgh

With the introduction of this service, Doncaster would see the return of more direct services to Derby and Birmingham (and beyond), which have dropped from hourly to only 4 each day.

In addition, it will introduce limited new open access services on the ECML where none currently exist between Doncaster and York, Newcastle and Edinburgh as well as York to Newcastle and Edinburgh, further stimulating growth and increasing industry revenue. This would then leave Leeds as the only major station on the ECML without any competitive open access services.

The ECML is now very mature in competitive terms, and this service would add to the choice enjoyed by the many passengers who use the route, while offering more affordable fares to attract those who don't both here and elsewhere.

3.2 Safety risks: Please explain any important safety risks that have been identified arising from the proposal and how these will be controlled (by reference to the facility owner's safety authorisation and the train operator's safety certificate).

None apart from normal rail operations.

3.3 Contract duration: For new agreements or extensions to existing agreements, please provide justification for the proposed duration and, if more than 5 years, with reference to the [Railways \(Access, Management and Licensing\) Regulations 2016](#).

There will be significant investment in the passenger accommodation of the fleet, along with some overall enhancements and improvements to the stock for its ongoing operation. With the current ECML situation with electric power supply, there is no clear path to those issues being addressed so it would be prudent to ensure longevity of self-powered stock during this period of uncertainty.

Should power supply issues be resolved, then we would consider the replacement of the fleet with a bi-mode option, or other, should technology advance further options.

3.4 Terms not agreed with the facility owner (for applications under sections 17 or 22A only): Please explain any areas of the application which have ***not*** been agreed, the reasons for the failure to agree and the reasons for seeking these provisions.

Alliance is currently working with Network Rail nationally to validate the train paths sought through an agreed remit. This will report in the first quarter of 2024 so at this stage Network Rail is not able to support the application. However, Alliance is working alongside Network Rail on the development of paths and is looking for a start date in late 2025. Alliance is advised that Network Rail has now finalised its remit for the ECML ESG, a process that was very successful in delivering a new timetable, new services and improved performance for the WCML.

3.5 Departures from ORR's model access contracts

Does the proposed contract include any departures from ORR's model access contract:

Yes No

If yes, please set out and explain any:

- areas where the drafting of the application changes ORR's published template access contracts (as appropriate, cross-referencing to the answers below). Please also explain why these departures have been made.

N/A

- instances where the proposal departs from the charging and/or performance regimes established by ORR's latest periodic review (or subsequent interim reviews) as reflected in ORR's model

access contracts, including the financial implications (e.g. establishment of an access charge supplement or rebate).

N/A

- new processes (e.g. a self-modification provision) which have been added. Please also demonstrate fully how this new process is robust and complete.

N/A

3.6 Consolidated contract

For amendments to existing contracts, is the version of the consolidated contract on our [website](#) fully up to date? If not, please explain why not.

N/A

4. The expression of access rights and the use of capacity

4.1 Benefits: please set out what specific benefits the proposal will achieve, including a justification for requiring the rights and their characteristics. Please provide full descriptions of any new rights required, as compared to the previous contract (in the case of an amendment). Please also describe any significant changes in the pattern of services, their benefits to passengers and any impact on other operators, including freight operators. Please provide a fully marked-up version or document comparison of any tables in Schedule 5 which are being modified as a result of this application.

Alliance is initially seeking a term of 7 years with firm rights to support its investment in the new service.

There are significant passenger benefits beyond price competition, not only with the increase in direct services that create new links from South Wales to Yorkshire, the Northeast and Scotland, but also, importantly, with the provision of increased seating capacity on the route - around one million annually.

Ticket prices between various ECML locations and South Wales are particularly expensive with walk on anytime single fares between York and Cardiff for example at £161.80 and £359.40 1st class. Between Edinburgh and Cardiff, the walk on single fare is £233.20. A 1st class walk on single is £429.00. All these services do of course require a change of train at present.

The use of high quality off lease rolling stock will also ensure the stock is available for further lease beyond this proposed contract when new trains would be considered following a period of successful operation, and subject to no on-going issues with the electric power supply.

There is concern within the industry that good and relatively newer trains could be destined for export or worse with the planned fleet mileage reduction as a consequence of both the technical issues and high cost of storing off-lease modern rolling stock.

4.2 Adequacy: How have you satisfied yourself that there is enough network capacity for the services in the proposal? Are there any implications for overall network performance and the facility owner's maintenance and renewal activities?

Capacity exists to operate the service with initial timetabling work identifying potential train paths. More detailed timetable work is now being undertaken alongside Network Rail.

4.3 Flexing rights: Please explain any limitations on the facility owner's flexing rights in the proposal and the rationale for such limitations.

N/A

4.4 Specified equipment: Please explain any changes to specified equipment (rolling stock). Has the vehicle and route acceptance procedure in the Network Code (Part F) has been completed? Please explain whether you have, or will have, the rolling stock necessary to exercise the rights.

There are a number of vehicle types under consideration and each of them has route clearance for the entire journey.

4.5 Contractual obligations: Are the proposed services necessary to fulfil obligations under a public service contract? For publicly contracted operators seeking additional access rights, we will expect to see evidence of funder support for the specific rights and of operators' intent and ability to operate the new services.

N/A

4.6 Public funding: Other than the DfT, Welsh Government or Transport Scotland, are the proposed services subject to financial support from central or local government including PTEs. If so, please give details.

N/A

4.7 Long Term Planning Process: Is the Long Term Planning Process relevant to this application? If so, please explain how the proposed rights are consistent or inconsistent with this.

N/A

5. Competing passenger services:

We would expect to apply the 'not primarily abstractive' test to:

- (i) a new open access service which would compete with franchised services and so impact on the public sector funder's budget;
- (ii) a new franchised service which would compete with an existing franchised service, where we would expect to focus the test on areas where the competing franchised services are operated on behalf of different funders or where for some other reason there are particular concerns over the impact on a funder's budget; and
- (iii) a new service, which might be open access or franchised, which would compete with an existing open access service and which, if it caused the existing open access operator to withdraw from the market, could reduce overall competition on the network.

5.1 Please state if your application is for a competing passenger service, and if so please describe the nature of the competition:

The application is for a competing service across parts of the route. While competition will be provided on speed, price and quality, this is a route that currently has insufficient seating capacity for many parts of the journey.

However, it should be noted that this service will increase the number of available seats by around one million annually on core parts of the network as certain services have been curtailed and stock withdrawn. As a result, these services will be providing much needed additional seating to help address overcrowding issues and 'choked off' demand, attracting users back to rail.

It should therefore not be considered only as a 'competing' service.

5.2 For competing services, please also confirm that you have attached as part of your submission to ORR the following:

- Business plan, including details of:
 - forecasts of passenger traffic and revenues, including forecast methodology;
 - pricing strategies;
 - ticketing arrangements;
 - rolling stock specifications (e.g. load factor, number of seats, wagon configuration);
 - marketing strategy;
 - estimated elasticities of the services (e.g. price elasticity, elasticity with respect to quality characteristics of the services).
- Demand forecasting (including associated spreadsheet models) demonstrating modelled generation : abstraction ratio.
- Indicative timetables, including associated .spg files

6. Incentives

6.1 Train operator performance: please describe any planned projects associated with the operation of the proposed services aimed at improving your performance.

N/A

6.2 Facility owner performance: please describe any planned projects associated with the operation of the proposed services aimed at improving the facility owner's own performance.

N/A

6.3 Monitoring of services: Will all proposed services be monitored for performance throughout their journey? If not, please explain.

Yes

6.4 Performance regime changes (for applications under sections 17 or 22A only): where applicable, please provide justification for any changes to Schedule 8 of the track access contract in the proposal. If necessary, please provide any relevant information in support of the changes proposed.

N/A

7. Enhancement

7.1 Enhancement details: where the proposal provides for the delivery of any network enhancements, or the services in the proposal are subject to 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).

N/A

7.2 Enhancement charges: please confirm that the arrangements for the funding of any network enhancements are consistent with the [investment framework](#), and summarise the level and duration of payments, and the assumed rate of return.

N/A

8. Other

8.1 Associated applications to ORR: please state whether this application is being made in parallel with, or relates to, any other current or forthcoming application to ORR (e.g. in respect of track, station or light maintenance depot access contracts). Where the application is being made in parallel with any other application from the same operator, please ensure the applications are consistent with one another. Where the application relies on another operator relinquishing access rights, please provide evidence that this process has been completed.

Further applications will be made in relation to station and depot access.

8.2 Side letters and collateral agreements: please confirm here that the whole of the proposal between the parties has been submitted with this application and that there are no side letters or other documents which affect it.

No side letters.

8.3 Confidential redactions: please list any information that you have redacted from any documentation sent to consultees. If there has been no pre-application consultation, please list any information you want us to exclude from publication. Please provide full reasons for any redactions.

None

9. Pre-application consultation

9.1 The consultation:

If consultation has not been carried out, explain why not. If it has, please list the consultees.

All interested industry parties were consulted

Who conducted the consultation?

Network Rail

List all consultees who responded and include their responses and any associated documentation or correspondence between the parties.

All interested industry parties were consulted, and responses were received from the following: Cross Country Trains, LNER, TPE, WYCA, SYMCA, Passenger Focus, Northern, East Midlands Trains, Scotrail, West Midlands Trains, Transport for Wales, GWR, Department for Transport.

9.2 Resolved issues: please explain any issues raised by consultees which have been resolved.

9.3 Unresolved issues: Please explain any issues raised by consultees which have ***not*** been satisfactorily resolved and why you think these issues should not stop ORR approving the application.

Most of the responses referred to the availability of capacity on the route and consultation was carried out prior to the recent ORR decision on granting future rights for unused paths by Cross Country Trains (XC).

Consultation was carried out in late 2023, and the delay in forwarding to the ORR was to enable Network Rail (NR) to carry out some further timetable work alongside Alliance to identify capacity that was separate from the 'QJ' paths that NR had identified. Alliance has sought to find separate capacity within the timetable to enable all operator aspirations to be met. However, Alliance is disappointed that there appears to be a clear assumption that the 'QJ' paths have been developed for XC.

During the time between industry consultation ending and NR beginning work on a capacity report, it was identified that XC and NR had come to a position where the 'QJ' paths were to be 'protected' for the introduction of further services proposed by XC between Reading and York. Alliance is aware that XC and NR have undertaken direct work on these paths. While NR suggests that was not the case, it is an issue that Alliance may need to raise formally with the ORR at some future date.

While Alliance was very pleased with the work undertaken by the Network Rail planners in the Advanced Timetabling Team, the limited time allocated to the timetable work itself has meant that the work was not completed, despite a significant amount of progress. Two thirds of the identified conflicts have been addressed and with further application Alliance is confident that a full set of compliant paths can be developed without impacting on the ability of XC to introduce its further services. Alliance will provide further evidence to the ORR as part of its own response to the Network Rail report which will follow this application.

During the process Alliance had been clear with NR that should a set of separate paths not be fully developed and if NR did not support the Alliance application, then Alliance would expect the 'QJ' paths to be considered as being competed for.

Further timetable work will no doubt be impacted by the ORR's instructions following the deadline for submissions as outlined in the ORR's recent letter to the industry. The introduction of Alliance's services is key not only to significant improvement in Union connectivity, but also in introducing around a million extra seats annually on the cross-country corridor which itself will help in making fares more affordable.

There was some reference to abstraction, but it is acknowledged by a number of parties that the cross-country route does not provide sufficient seats and that further capacity is required.

It is beyond argument that the introduction of open access services on the ECML has had a profound effect in making rail travel more affordable which has itself driven up usage and helped to address inequality, and to continue that beneficially impact limited competition and further seating capacity is required.

9.4 Have any changes been made to the proposal following consultation?

The route on leaving Severn Tunnel has been clarified to be via Chepstow (to Gloucester) not via Bristol Parkway. DfT has been included as having responded to consultation.

10. 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, 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.

For agreed applications under section 18 or 22, Network Rail should complete the information below. For disputed applications under section 17 or 22A, the beneficiary should complete it.

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

Signed ...[Redacted].....

Date 17 May 2024.....

Name (in caps) Ian Yeowart.....

Job title Managing Director.....

For (company) Alliance Rail.....

11. Submission

11.1 What to send: please supply the application form, the proposed contract or amendment and, where possible, any other supporting information, in electronic form by e-mail, **in plain Microsoft Word or Open Document Text format** (i.e. excluding any macros, auto-para or page numbering, or other auto-formatting).

11.2 Where to send it:

Email: track.access@orr.gov.uk

Annex: Checklist of documents attached to the application form:

- Proposed new contract or supplemental agreement
- Marked up Schedule 5 (where applicable)
- Marked up comparison to model contract (where applicable)
- Consultation responses
- Replies to consultation responses
- Supporting documentation required for competing services (see section 5.2)
- Other supporting documents, side letters or collateral agreements (please list):
